ITEM	Commission Action	Department Action
IV (h). DEPARTMENT OF PUBLIC SERVICES (Continued)		
*B. ACCEPTANCE OF SUBDIVISION IMPROVEMENTS (Continued)		
2. Washington Square 7. (A.G. & H. Enterprises - property generally located at the Northwest corner of Washington Ave. and Sandhill Rd., No. of acres: 33.65, No. of lots: 146, zoned R-1)	APPROVED See Page 27	See Page 27
3. Charleston Rainbow 8. (Sproul Homes - property generally located on the North side of W. Charleston Blvd., East of Antelope Way - No. of acres: 2.26, No. of lots: 8, Zoned R-1)		
*C. RELEASE OF BOND		
All offsite improvements have been completed, inspected, and accepted. The bonds may be released.		
1. Location: 1625 Kenyon Place Use: Offsite improvements, driveway, sidewalk, and street lights Builder: Sherwood Bldg. Co. Surety Co.: SAFECO Insurance Co. of America Amount: $2,128.00 Bond No.: 4152781 CLV #21-81	Lurie - APPROVED Items 1 thru 4. Unanimous	Clerk to notify & Staff to proceed
2. Location: 2001 West Bonanza Rd. Use: Offsite improvements, sidewalk and driveway Builder: U-Haul Co. of Las Vegas Inc. Surety Co.: St. Paul Fire and Marine Insurance Co. Amount: $2,600.00 Bond No.: 400 GC 1739 CLV #25-81		same as above

APPROVED AGENDA ITEM

CITY OF LAS VEGAS

INTER-OFFICE MEMORANDUM

Date 0101

October 14, 1981

TO:

CITY CLERK

FROM:

CITY ENGINEER

SUBJECT:

RELEASE OF SUBDIVISION BOND

COPIES TO:

CHUCK TURK
RALPH W. BECK
DOUG PETERSON

On October 7th 1981 the City Commission accepted the improvements for Washington Square #7 subject to the completion of the improvement correction list items for this subdivision. Please be notified that these items have now been completed to the satisfaction of the department of Public Services. It is recommended that the Cash Deposit with Lomas & Nettleton Company be released to the subdivider.

for WILLIAM J. PURVIS, P.E.

IV (h) B-2

CITY of LAS VEGAS

October 15, 1981

R.G.&H. Enterprises, Inc.
310 North Cota, Suite "N"
Corona, California 91720

Re: Washington Square Unit No. 7
RELEASE OF SUBDIVISION BOND

Gentlemen:

The Board of City Commissioners at a regular meeting held October 7, 1981, APPROVED the recommendation of the Department of Public Services that the above-referenced subdivision be accepted, subject to the completion of the improvement correction list.

On October 14, 1981, the Department of Public Services accepted the improvement correction list for Washington Square Unit No. 7, as having been completed in accordance with agreements and City standards.

Therefore, all funds remaining in "Washington Square Unit No. 7 Off-Site Improvement Account" are hereby released.

Sincerely,

Carol A. Hawley

CAROL ANN HAWLEY
CITY CLERK

CAH:mpk

cc: Lomas & Nettleton Company
Dept. of Financial Management
Dept. of Public Services

CITY OF LAS VEGAS NEVADA

400 E. STEWART AVENUE • LAS VEGAS, NEVADA 89101 • (702) 386-6011

CITY OF LAS VEGAS

INTER-OFFICE MEMORANDUM

Date

October 14, 1981

TO:

CITY CLERK

FROM:

CITY ENGINEER

SUBJECT:

RELEASE OF SUBDIVISION BOND

COPIES TO:

CHUCK TURK
RALPH W. BECK
DOUG PETERSON

On October 7th 1981 the City Commission accepted the improvements for Washington Square #7 subject to the completion of the improvement correction list items for this subdivision. Please be notified that these items have now been completed to the satisfaction of the department of Public Services. It is recommended that the Cash Deposit with Lomas & Nettleton Company be released to the subdivider.

for WILLIAM J. PURVIS, P.E.

IV (h) B-2

MAYOR BILL BRIARE

COMMISSIONERS
RON LURIE
PAUL J. CHRISTENSEN
ROY WOOFTER
AL LEVY

CITY ATTORNEY
GEORGE F. OGILVIE

CITY MANAGER
RUSSELL DORN

CITY of LAS VEGAS

October 22, 1980

R.G. & H Enterprises, Inc.
310 North Cota Suite "N"
Corona, Califonria 91720

Dear Sir:

Re: Washington Square Unit No. 7
SUBDIVISION AGREEMENTS &
CASH DEPOSIT AGREEMENTS

The Board of City Commissioners at a regular meeting held October 1, 1980, APPROVED the final map of Washington Square Unit No. 7.

We have received from Lomas & Nettleton Company, a Cash Deposit Agreement in the amount of $651,556.00. Two executed copies of this Cash Deposit Agreement, along with two executed copies of the Subdivision Agreement, are enclosed: one for your files and one to be delivered to Lomas & Nettleton Company.

Sincerely,

CAROL ANN HAWLEY
CITY CLERK

By Maureen A. Parco
Maureen A. Parco
Deputy City Clerk

CAH:mpk

Encl.

cc: Lomas & Nettleton Company
Dept. of Financial Management w/copy of Cash Deposit Agreement & Subdivision Agreement
Dept. of Public Services w/copy of Subdivision Agreement

LAS VEGAS DIAMOND JUBILEE 1905-1980

CLV-6218

400 E. STEWART AVENUE • LAS VEGAS, NEVADA 89101 • (702) 386-6011

CITY OF LAS VEGAS

INTER-OFFICE MEMORANDUM

Date OCTOBER 14, 1980

TO: CITY CLERK

FROM: CITY ENGINEER

SUBJECT: SUBDIVISION AGREEMENTS AND BOND AGREEMENTS FOR WASHINGTON SQUARE UNIT No. 7

COPIES TO:

Attached are the original and four (4) copies of the Subdivision Agreement covering improvements to be installed under the Subdivision Ordinance for Washington Square Unit No. 7 by R.G. & H. Enterprises, Inc., a California Corporation
Name
310 North Cota-Suite "N" Corona, California 91720
Address

Also attached is a Cash Deposit Agreement in the amount of $ 651,556.00 to insure the installation of the improvements.

It is requested that the City Attorney check the Bond for approval as to form.

It is requested that the Agreement be signed by the Mayor and that disposition be made by your office.

10/14/80

GARY W. HOLLER, P.E.

GWH/AKV/blc

Enclosures

Subdivision Agreement signed by Gail W. Sponseller
Cash Deposit Agreement with the Lomas & Nettleton Company
Bond Estimate
Final Map

CLV-6217

MILLARD & OLSON
A PROFESSIONAL CORPORATION
ATTORNEYS AND COUNSELORS
THE HARTFORD BUILDING, 13TH FLOOR
400 NORTH ST. PAUL STREET
DALLAS, TEXAS 75201
(214) 742-8862

October 10, 1980

DELIVER VIA
SPECIAL COURIER

Ms. Sue Litwiler
Fidelity Title of Nevada
3101 West Charleston Blvd.
Las Vegas, Nevada 89102

Re: LNCO 0035; The Lomas & Nettleton Company
$1,752,000.00 Development Loan No. 2725
to A. G. & H. Enterprises, Inc.
Your File No. FT 1646 T

Dear Sue:

In connection with the above referenced matter, I am enclosing herewith the following documents:

1. Four (4) partially executed counterparts of the Agreement in Lieu of Bond, executed by L&N;

2. Seven (7) partially executed counterparts of the Subdivision Agreement, executed by A. G. & H. Enterprises, Inc.; and

3. Numerous copies of the Bond and Fees form approved by the City of Las Vegas.

The enclosed counterparts of the Agreement in Lieu of Bond must be immediately executed by A. G. & H. Enterprises, Inc., and delivered to Bob Sylvain with the Las Vegas City Attorney's Office for presentation at the city council meeting on Wednesday, October 15, 1980. The other enclosures should also be delivered to the City of Las Vegas; Bob Sylvain will know to whom such items should be presented.

In delivering this Agreement in Lieu of Bond to Mr. Sylvain and the City of Las Vegas, it must be expressly understood and agreed that this Agreement in Lieu of Bond has been executed to be effective if, and only if, the subject loan is actually consummated between L&N and A. G. & H. Enterprises, Inc. By copy of this letter to Mr. Sylvain, I am advising him of that condition. Otherwise, the city may proceed in its normal course in dealing with the enclosed Agreement in Lieu of Bond.

I am also advising Mr. Sylvain that the changes which we discussed on Thursday, October 9, 1980, together with the additional paragraphs he requested on October 10, 1980 are included in this form of Agreement in Lieu of Bond. Furthermore, the provision which I had requested to remain in concerning the city's rights to obtain loan proceeds, was deleted in order to avoid any delays in discussing this matter further.

At least one (1) fully executed counterpart of the Agreement in Lieu of Bond must be delivered to me upon the closing of the subject loan.

It is imperative that this document be fully executed by the Borrower and delivered to Mr. Sylvain on the date indicated above, and should any problems occur, please do not hesitate to contact me and the Borrower immediately.

Thank you for your kind cooperation and assistance.

Yours very truly,

Dick White

J. Richard White

JRW/clh
Enclosures

cc: Mr. Thomas Cone
Ms. Lanelle Latendresse
Mr. Gail W. Sponseller
Mr. Robert Sylvain

MILLARD & OLSON
A PROFESSIONAL CORPORATION
ATTORNEYS AND COUNSELORS
THE HARTFORD BUILDING, 13TH FLOOR
400 NORTH ST. PAUL STREET
DALLAS, TEXAS 75201
(214) 742-8862

October 10, 1980

Ms. Sue Litwiler
Fidelity Title of Nevada
3101 West Charleston Blvd.
Las Vegas, Nevada 89102

Re: LNCO 0035; The Lomas & Nettleton Company
$1,752,000.00 Development Loan No. 2725
to A. G. & H. Enterprises, Inc.
Your File No. FT 1646 T

Dear Sue:

This will confirm my conversation with Darlene of October 9, 1980, wherein I requested copies of the title exception documents shown in your October 1, 1980 preliminary report as Items No. 1 and 4 in Part 2 thereof, as well as a copy of the plat map and draft copies of the second lien Note and Deed of Trust.

As I discussed with Darlene, we are aware that the Agreement in Lieu of Bond needs to be executed and available to the city before the city council meeting on Wednesday, October 15, 1980, and it will be. I will probably deliver it to you to be released to them, upon the understanding that it will be valid only upon final consummation of the subject loan. As to the actual date of closing the loan, I have not received any of the items I have requested from the borrower, and if there is some particular closing date scheduled, please advise so that I may get the documents finalized and the supporting data which will be required prior to closing.

Thank you for your cooperation and assistance.

Yours very truly,

Dick White

J. Richard White

JRW/clh

cc: Mr. Tom Cone
Ms. Lanelle Latendresse
Mr. Gail W. Sponseller

CORPORATE CERTIFICATE

I, Ruth Sponseller, certify that I am the Secretary of the Corporation named as Subdivider in the Foregoing Agreement; that Gail W. Sponseller who signed said Agreement on behalf of the Subdivider was then President of the said Corporation; that said Agreement was duly signed for and in behalf of said Corporation by authority of its governing body and is within the scope of its corporate powers.

AG&H Enterprises, Inc.

By Ruth Sponseller
Secretary

(CORPORATE SEAL)

STATE OF CALIFORNIA)
)
COUNTY OF RIVERSIDE)

On this 7th day of October, 1980, personally appeared Gail W. Sponseller before me, Pamela J. Keefer, a Notary Public in and for Riverside County, California; Gail W. Sponseller and Ruth Sponseller, known to me to be the President and Secretary of the corporation that executed the foregoing instrument, and upon oath, did depose that he is the officer of said corporation as above designated; that he is acquainted with the seal of said corporation, and that the seal affixed to said instrument is the corporate seal of said corporation; that the signature(s) to said instrument were made by officers of said corporation as indicated after said signature(s) and that the said corporation executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

OFFICIAL SEAL
PAMELA J. KEEFER
NOTARY PUBLIC CALIFORNIA
RIVERSIDE COUNTY
My comm. expires JUN 4, 1982

(NOTARY SEAL)

Pamela J. Keefer
Notary Public in and for said County & State
My Commission Expires: June 4, 1982

CORPORATE CERTIFICATE

I, Ruth Sponseller, certify that I am the Secretary of the Corporation named as Subdivider in the Foregoing Agreement; that Gail W. Sponseller who signed said Agreement on behalf of the Subdivider was then President of the said Corporation; that said Agreement was duly signed for and in behalf of said Corporation by authority of its governing body and is within the scope of its corporate powers.

AG&H Enterprises, Inc.

By *Ruth Sponseller*
Secretary

(CORPORATE SEAL)

STATE OF CALIFORNIA)
)
COUNTY OF RIVERSIDE)

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OFFICIAL SEAL
PAMELA J. KEEFER
NOTARY PUBLIC - CALIFORNIA
RIVERSIDE COUNTY
My comm. expires JUN 4, 1982

(NOTARY SEAL)

Pamela J. Keefer
Notary Public in and for said County & State

My Commission Expires: *June 4, 1982*

CORPORATE CERTIFICATE

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AG&H Enterprises, Inc.

By Ruth Sponseller
Secretary

(CORPORATE SEAL)

STATE OF CALIFORNIA)
)
COUNTY OF RIVERSIDE)

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OFFICIAL SEAL
PAMELA J. KEEFER
NOTARY PUBLIC - CALIFORNIA
RIVERSIDE COUNTY
My comm. expires JUN 4, 1982

(NOTARY SEAL)

Pamela J. Keefer
Notary Public in and for said County & State

My Commission Expires: June 4, 1982

SUB-932

AGENDA

City of Las Vegas

BOARD OF CITY COMMISSIONERS

COMMISSION CHAMBERS • 400 EAST STEWART AVENUE

PHONE 386-6011

Oct. 1, 1980

ITEM	Commission Action	Department Action
IV (h). DEPARTMENT OF PUBLIC SERVICES DONALD E. DONOVAN, DIRECTOR *CONSENT AGENDA All matters listed under Items A, B, and C are considered to be routine by the City Commission and may be enacted by one motion. However, any item may be discussed if a Commission member or citizen so requests.		
*A. APPROVAL OF SUBDIVISION MAPS All engineering designs are being processed.		
1. Washington Square Unit 7. (Mr. Robert Shaw - property located at the Northwest corner of Washington Ave and Sandhill Rd. No. of lots: 146, 33.65 acres) 2. Torrey Pines Village Unit 1. (Nevada Equities - property generally located on the West side of Torrey Pines Dr., 330' South of Smoke Ranch Rd. No. of lots: 63, 5.89 acres) Recommended action: Approve final maps subject to posting of bonds and signing of agreements and plans within thirty days.	Lurie - APPROVED Items 1 and 2 as recommended. Unanimous (Woofter excused)	Staff to proceed

APPROVED AGENDA ITEM

CITY of LAS VEGAS

January 11, 1980

Mr. Robert Shaw
3333 S. Maryland Parkway, No. 16
Las Vegas, Nevada 89109

Dear Mr. Shaw:

Re: Washington Square Unit No. 7
TENTATIVE MAP

The Board of City Commissioners, at a regular meeting held December 19, 1979, APPROVED the Tentative Map of Washington Square Unit No. 7, concerning property generally located at the northwest corner of Washington Avenue and Sandhill Road, R-1 zone, subject to the following conditions:

1. Submittal of a tax statement.

2. Approval of the tentative map shall be for no more than twelve (12) months. If a final map is not recorded on all or a portion of the area embraced by the tentative map within twelve (12) months of the approval of the tentative map, or an extension of time up to one year, is not granted for the tentative map, a new tentative map must be filed. If a final map is recorded within twelve (12) months of the original approval of the tentative map, or within the extension of time of the tentative map for only a portion of the area embraced by the tentative map, the Planning Commission may require that a new tentative map be filed and approved prior to any further final maps being approved.

3. If a wall is constructed on an exterior boundary street, the CC&R's shall contain wording to the effect that each property owner of a lot backing up to said wall shall be responsible for the continued maintenance of the exterior side of the wall and the ground area at the exterior base of the wall.

4. Street names to be provided in accord with the City's Street Name Policy.

5. Subject to all conditions of City departments and State Subdivision Statutes.

Sincerely,

Carol Ann Hawley

CAROL ANN HAWLEY, CITY CLERK

CAH/dh

cc: Community Planning & Development Dept.
Public Services Dept.
Fire Services Dept.
Building and Safety Division
Delta Engineering (4601 W. Sahara Ave., #D, Las Vegas, Nev. 89102)

CLV-6218 400 E. STEWART AVENUE • LAS VEGAS, NEVADA 89101 • (702) 386-6011

AGENDA

City of Las Vegas

December 19, 1979

BOARD OF CITY COMMISSIONERS
COMMISSION CHAMBERS • 400 EAST STEWART AVENUE
PHONE 386-6011

ITEM	Commission Action	Department Action
X. COMMUNITY PLANNING AND DEVELOPMENT DEPARTMENT (CONTINUED)		
1. This extension of time shall be limited to a one year time period. 2. Conformance to conditions originally imposed at the time of approval of Z-96-78, and any ordinance requirements enacted subsequent to the original approval.	See Page 41	See Page 41
Q. PLOT PLAN REVIEW - Z-31-73 - SPACE REALTY Plot Plan Review to allow a real estate office on property located at 1908 Maryland Parkway, under Resolution of Intent to P-R. Planning Commission unanimously recommends APPROVAL.	Approved as recommended Levy - unanimous	Clerk to notify Director to proceed
R. TENTATIVE MAP - WASHINGTON SQUARE UNIT NO. 7 Property generally located at the northwest corner of Washington Avenue and Sandhill Road, R-1 zone. Owner/Subdivider: Robert Shaw No. of Acres: 33.65 No. of Lots: 145 Planning Commission unanimously recommends APPROVAL, subject to the following condition: 1. If a wall is constructed on an exterior boundary street, the CC&R's shall contain wording to the effect that each property owner of a lot backing up to said wall shall be responsible for the continued maintenance of the exterior side of the wall and the ground area at the exterior base of the wall.	Approved subject to conditions and submittal of tax statement Lurie - unanimous	Clerk to notify Director to proceed

APPROVED AGENDA ITEM

City of Las Vegas

AGENDA DOCUMENTATION

Date: DECEMBER 10, 1979

TO:
The Board of City Commissioners

FROM: DON J. SAYLOR, AICP
DEPUTY CITY MANAGER

SUBJECT: COMMUNITY PLANNING AND DEVELOPMENT AGENDA ITEMS
DECEMBER 19, 1979 CITY COMMISSION MEETING

PURPOSE/BACKGROUND

Item A - Abeyance Item-Proposed Land Use Plan - Special Activity Center (see back-up material)

Items B through N - New zoning applications and related tentative maps - some have protests (see back-up material)

Items O through Q - Review of Conditions, Extension of Time and Plot Plan Review Items - Routine items (see back-up material)

Item R - Tentative Map Washington Square Unit #7 (see back-up material)

Item S - Final action on a variance approved by the BZA (see back-up material)

Item T - Request for subdivision waivers - Charleston Heights 62-A and 62-B (see back-up material)

FISCAL IMPACT No Funding Requested

RECOMMENDATIONS See Attached

Harold P. Foster
HAROLD P. FOSTER, DIRECTOR
COMMUNITY PLANNING AND DEVELOPMENT

DISPOSITION
Approved ☐
Disapproved ☐
Held ☐

Status Due: ______________

79-3-10

Agenda Item
Item X.

To: The Board of City Commissioners
Re: Community Planning & Dev. Agenda Items
December 19, 1979 City Commission Meeting

December 10, 1979

R. TENTATIVE MAP - WASHINGTON SQUARE UNIT NO. 7

Property generally located at the northwest corner of Washington Avenue and Sandhill Road, R-1 zone.
Owner/Subdivider: Robert Shaw
No. of Acres: 33.65 No. of Lots: 145

The subdivision map substantially conforms to the subdivision regulations.

PLANNING COMMISSION RECOMMENDATION: Approval.

STAFF RECOMMENDATION: Approval.

S. CONSIDERATION OF ACTION BY THE BOARD OF ZONING ADJUSTMENT ON APPROVING THE VARIANCE APPLICATION - V-83-79 - MARY TURNER

To allow three dwelling units where only one single family residence is allowed on property located at 824 Washington Avenue in Zoning District R-1 (Single Family Residence).

This item is before you for final decision because the City Commission denied a rezoning application to R-3 on this property several months ago that would have allowed this same use. The Ordinance requires that whenever the City Commission has indicated a specific position, any decision by the BZA on a similar matter shall be transmitted to the Commission for final action. The applicant has pursued the Variance application because there are properties in the area which have more than one unit on them in the R-1 zone. The City Commission denied the application for R-3 zoning on the basis it would start a zoning pattern contrary to the R-1 in this area.

BOARD OF ZONING ADJUSTMENT RECOMMENDATION: Approval because there are multiple dwellings on properties in this area.

STAFF RECOMMENDATION: No objection due to the number of units on some of the properties in this block.

PROTESTS: 0

T. WAIVERS - CHARLESTON HEIGHTS 62-A AND 62-B FINAL MAPS

Request of BECKER & SONS for waiver of certain subdivision requirements on property generally located on the west side of Lorenzi Boulevard, north of Alexander Road, N-U zone (under Resolution of Intent to R-PD8).

The request involves waiver of the required sidewalks and to allow roll curb on a planned development with lots approximately 35 ft. wide that front on public streets. In addition, the applicant is requesting 10 ft. building setbacks rather than the 20 ft. approved on the tentative map and to reduce the width on one of the streets from 60 ft. to 51 ft. Similar waivers were granted for a development for Mr. Becker approximately two miles to the southeast at Torrey Pines and Smoke Ranch Road. These waivers were for a pilot project to determine if there would be any problems on this type of development. That development has been constructed and the Planning Commission field-checked it prior to making the recommendation on this request. The Planning Commission felt that most of the waiver requests were acceptable; but was concerned with the proposed 10 ft. building setbacks because automobiles that park in the driveway in front of the garage door would be parked in the future sidewalk area. Further, under this arrangement standard sized cars would overhang beyond the curb and into the street. It was pointed out that if the property owners wanted to construct sidewalks in the future, the 10 ft. building setback would create a problem because cars would be parking in the sidewalk area.

PLANNING COMMISSION RECOMMENDATION: Approval of waiving the sidewalks, allowing roll type curb and reducing a portion of Broadriver Street to 51 feet. Denial of the request for 10 ft. building setbacks.

MAYOR BILL BRIARE

COMMISSIONERS
RON LURIE
PAUL J. CHRISTENSEN
ROY WOOFTER
AL LEVY

CITY ATTORNEY
GEORGE F. OGILVIE

CITY MANAGER
RUSSELL DORN

CITY of LAS VEGAS

November 29, 1979

RECEIVED
DEC 5 3 18 PM '79
CITY CLERK

Mr. Robert Shaw
3333 S. Maryland Parkway, No. 16
Las Vegas, Nevada 89109

Re: Tentative Map
Washington Square Unit No. 7

Dear Mr. Shaw:

The Tentative Map of Washington Square Unit No. 7 was considered by the City Planning Commission on November 27, 1979.

The Commission voted to refer this item to the Board of City Commissioners with a recommendation of APPROVAL, subject to the following conditions:

1. Approval of the tentative map shall be for no more than twelve (12) months. If a final map is not recorded on all or a portion of the area embraced by the tentative map within twelve (12) months of the approval of the tentative map, or an extension of time up to one year, is not granted for the tentative map, a new tentative map must be filed. If a final map is recorded within twelve (12) months of the original approval of the tentative map, or within the extension of time of the tentative map for only a portion of the area embraced by the tentative map, the Planning Commission may require that a new tentative map be filed and approved prior to any further final maps being approved.

2. If a wall is constructed on an exterior boundary street, the CC&R's shall contain wording to the effect that each property owner of a lot backing up to said wall shall be responsible for the continued maintenance of the exterior side of the wall and the ground area at the exterior base of the wall.

3. Street names to be provided in accord with the City's Street Name Policy.

4. Subject to all conditions of City departments and State Subdivision Statutes.

This item will be considered by the Board of City Commissioners on December 19, 1979, at 2:00 P.M. in the Commission Chambers of City Hall, 400 East Stewart Avenue, Las Vegas, Nevada. The Commission requests that you or your representative be present at this meeting.

Sincerely,

COMMUNITY PLANNING AND DEVELOPMENT
HAROLD P. FOSTER, DIRECTOR

Howard A. Null
Supervisor of Planning

HAN:bjl

cc: City Clerk
Delta Engineering, 4601 West Sahara Avenue #D, Las Vegas, NV 89102

SUBDIVISION AGREEMENT

(A) THIS AGREEMENT made and entered into this 7th day of October, 19 80, by and between AG&H ENTERPRISES, INC. ~~310 North Cota Suite "N" Corona, California 91720~~ hereinafter referred to as "Subdivider", and the City of Las Vegas, Clark County, Nevada, a municipal corporation, hereinafter referred to as "City".

WITNESSETH:

(B) THAT, WHEREAS, at a meeting held by the City Planning Commission of Las Vegas, Nevada, on November 27, 19 79, the said Commission conditionally approved a tentative map of the premises known as Washington Square Unit #7 located in Las Vegas and recommended its approval by the Board of City Commissioners of Las Vegas, Clark County, Nevada; and

(C) WHEREAS, at a regular meeting held on December 19, 1979, the Board of City Commissioners of said City of Las Vegas approved the tentative map of Washington Square Unit #7, subject to certain conditions; and

(D) WHEREAS, at a regular meeting held on November 27, 1979, the City Planning Commission of Las Vegas, Nevada, approved the final map for Washington Square Unit #7, subject to the construction of certain improvements to be made by the "Subdivider" as required by Title XI, Chapter 2 of the Las Vegas Municipal Code.

(E) WHEREAS, at a regular meeting to be held on the 1st day of October, 19 80, the Board of City Commissioners of the said "City" will be asked to approve said final map subject to the recommendations as set forth by the City Planning Commission of Las Vegas, Nevada.

(F) NOW, THEREFORE, THE PARTIES OF THIS AGREEMENT, for and in consideration of the mutual promises herein contained and for other good and valuable considerations, do hereby agree as follows:

The said "Subdivider" has submitted plans for Washington Square Unit #7 and agrees to construct at his cost and expense, all improvements shown on plans submitted, and further agrees to install these improvements in strict accordance with the applicable Uniform Standard Specifications of Public Works Construction, Clark County Area in effect at the date of signing of this Agreement.

(G) The "Subdivider" agrees to notify the City Engineer of the date and the hour when work is expected to begin on any of the following items, notification to be not less than twenty-four (24) hours in advance of the time work is anticipated to start, and if thereafter conditions develop to delay the start of work, the "Subdivider" agrees to notify the City Engineer of the delay not less than two (2) hours before work is scheduled to begin.

Laying of utility lines and storm drains;
Backfilling of utility line trenches & storm drain trenches;
Placing concrete for curb, gutter, sidewalk, valley gutter storm drain structures, manholes and street lighting foundations;
Excavating for roadway;
Placing of Type 1 gravel base course;
Placing of Type II gravel base course;
Priming base course;
Placing asphalt concrete surfacing;
Sealing pavements (fog seal or open grade surfacing);
Installing street lighting

It is understood and agreed, should the "Subdivider" suspend work on any item longer than overnight (except during Saturdays and Sundays) a new notification shall be made to the City Engineer before work may begin anew on any items requiring inspection.

(H) It is further understood and agreed whenever the City Engineer, or his duly authorized representative, inspects portions of work as mentioned hereinbefore, and finds the work performed to be in a satisfactory condition for inclusion in the completed project, the City Engineer, or his duly authorized representative, shall issue a statement of inspection which shall permit the "Subdivider" to perform the next phase of the construction. Ordinarily not less than one continuous block of any one of the items of work mentioned will be approved. It is further agreed that inspection and approval of any item of work shall not forfeit the right of the City to require the correction of faulty workmanship or materials at any time during the course of the work although previously approved and notwithstanding construction has proceeded according to plans approved by the "City". Should subsurface conditions be discovered such as excess water, clay, salts, voids or other defects, which were not originally contemplated, the "City" may require the "Subdivider", at the "Subdivider's" expense, to alter its plans for future construction or to correct, change or reconstruct the area affected by said defects.

The "Subdivider" further agrees nothing herein shall relieve him of the responsibility for proper construction and maintenance of the work, materials and equipment required under the terms of this Agreement until all work has been completed by him and accepted by the City of Las Vegas.

(I) The "Subdivider" further agrees to provide for the adjustment necessary to all existing utilities because of the work required by this Agreement, without cost to the "City".

(J) The "Subdivider" further agrees to furnish to the City Engineer, upon completion of all the improvements within City right of way required hereby, a map which is accurately indicated by lettered dimensions; the location of all manholes, the location, size and depth of all sewer mains, laterals and wyes for the connection of house service lines, and size and depth.

(K) The "Subdivider" further agrees that all improvements shall be made in accordance with the general regulations, specifications, and ordinances of the said City of Las Vegas, and that approval of the final subdivision map shall not be made until all street plans and profiles, typical street sections, sewer plans and profiles, electric light layout and architectural arrangements of housing units, and all other such plans and specifications as may be required have been submitted to and approved by the various City Departments concerned.

(L) It is further agreed that the "City" shall have the right to require the correction by the "Subdivider" at any time before release of the bond required herein, of any item, or items, to be installed under this Agreement which do not conform to City Standards, Specifications or Ordinances, even though the plans for the item in question may have been approved by the City Engineer.

(M) The "Subdivider" further agrees that said improvements shall be started within thirty days from the date of the signing of this Agreement and that said improvements shall be completed within twelve months from the date the project is started.

(N) It is further agreed that in the event the "Subdivider" fails to complete said improvements within said period, the "City" may at its option, proceed to complete said improvements at the expense of the "Subdivider" or under his bond as hereinafter provided for.

(O) The said "Subdivider" further agrees that he will execute a surety and performance bond for the full cost of said improvements in favor of the "City", conditioned that said "Subdivider" will complete said improvements within said period and further conditioned that said bond shall be used for the payment of the completion of said improvements within the said twelve month period and that the "City" has exercised its option to complete said improvements and further provided that any application for the release of said bond upon the completion of the improvements by the "Subdivider" shall not be granted unless accompanied by a written certificate from the City Engineer, stating that all requirements hereof have been satisfactorily completed in accordance with the terms of this Agreement. Said "Subdivider" further agrees that said bond shall be first submitted to and approved by the City Attorney of the City of Las Vegas.

No certificates of occupancy will be granted to tract houses until such a time that the offsite improvements are completed in accordance with the Uniform Standard Drawings for Public Works Construction Clark County Area and Uniform Standard Specifications for Public Works Construction Clark County Area in effect at the signing of this Agreement, Title XI, Chapter 2 of the Las Vegas Municipal Code, the Subdivision Agreement, the Bond and to the satisfaction of the City Engineer.

(P) Upon the signing of this Agreement by the parties hereto, upon the execution of the Surety and Performance Bond as called for herein and its acceptance by the "City", and upon performance by the "Subdivider" and the City Departments concerned (as provided in Paragraph (H) above), the "City" will, by its proper authorities, accept said final map of the "Subdivider" and do any further or such other acts as may be necessary to approve said final map, as provided by Nevada Revised Statutes, Chapter 278, and Title XI, Chapter 2, of the Las Vegas Municipal Code.

(Q) The "Subdivider" further agrees that in addition to the above conditions, any and/or all stipulations and agreements made by it and the Board of City Commissioners and/or City Planning Commission of Las Vegas will be fully performed.

(R) The "Subdivider" shall protect and take care of all work until its completion and final acceptance by the City. During moving in, con-

struction and moving off, the "Subdivider" shall keep the site free and clean from dangerous accumulation of rubbish and debris, and shall maintain sufficient and proper barricades, lights, etc., for the protection of the public. Final acceptance of the work will not be made by the "City" until the area falling under the Agreement, known as Washington Square Unit #7 and adjacent property has been cleared of all rubbish, surplus materials, and equipment resulting from the Contractor's operations, to the satisfaction of the City Engineer.

IN WITNESS WHEREOF, the parties hereto have set their hands and official seals on the date first above written.

AG&H ENTERPRISES, INC.

BY Gail W. Sponsella Pres

BY Ruth Sponsella sec.

CITY OF LAS VEGAS, NEVADA,
a Municipal Corporation

BY William H. Briare
WILLIAM H. BRIARE, MAYOR

ATTEST:
CAROL ANN HAWLEY
CITY CLERK

Maureen A. Parco
MAUREEN A. PARCO, DEPUTY CITY CLERK

SUBDIVISION AGREEMENT

(A) THIS AGREEMENT made and entered into this 7th day of October, 19 80, by and between AG&H ENTERPRISES, INC. ~~310 North Cota Suite "N" Corona, California 91720~~ hereinafter referred to as "Subdivider", and the City of Las Vegas, Clark County, Nevada, a municipal corporation, hereinafter referred to as "City".

WITNESSETH:

(B) THAT, WHEREAS, at a meeting held by the City Planning Commission of Las Vegas, Nevada, on November 27, 19 79, the said Commission conditionally approved a tentative map of the premises known as Washington Square Unit #7 located in Las Vegas and recommended its approval by the Board of City Commissioners of Las Vegas, Clark County, Nevada; and

(C) WHEREAS, at a regular meeting held on December 19, 1979, the Board of City Commissioners of said City of Las Vegas approved the tentative map of Washington Square Unit #7, subject to certain conditions; and

(D) WHEREAS, at a regular meeting held on November 27, 1979, the City Planning Commission of Las Vegas, Nevada, approved the final map for Washington Square Unit #7, subject to the construction of certain improvements to be made by the "Subdivider" as required by Title XI, Chapter 2 of the Las Vegas Municipal Code.

(E) WHEREAS, at a regular meeting to be held on the 1st day of October, 19 80, the Board of City Commissioners of the said "City" will be asked to approve said final map subject to the recommendations as set forth by the City Planning Commission of Las Vegas, Nevada.

(F) NOW, THEREFORE, THE PARTIES OF THIS AGREEMENT, for and in consideration of the mutual promises herein contained and for other good and valuable considerations, do hereby agree as follows:

The said "Subdivider" has submitted plans for Washington Square Unit #7 and agrees to construct at his cost and expense, all improvements shown on plans submitted, and further agrees to install these improvements in strict accordance with the applicable Uniform Standard Specifications of Public Works Construction, Clark County Area in effect at the date of signing of this Agreement.

(G) The "Subdivider" agrees to notify the City Engineer of the date and the hour when work is expected to begin on any of the following items, notification to be not less than twenty-four (24) hours in advance of the time work is anticipated to start, and if thereafter conditions develop to delay the start of work, the "Subdivider" agrees to notify the City Engineer of the delay not less than two (2) hours before work is scheduled to begin.

Laying of utility lines and storm drains;
Backfilling of utility line trenches & storm drain trenches;
Placing concrete for curb, gutter, sidewalk, valley gutter storm drain structures, manholes and street lighting foundations;
Excavating for roadway;
Placing of Type 1 gravel base course;
Placing of Type II gravel base course;
Priming base course;
Placing asphalt concrete surfacing;
Sealing pavements (fog seal or open grade surfacing);
Installing street lighting

It is understood and agreed, should the "Subdivider" suspend work on any item longer than overnight (except during Saturdays and Sundays) a new notification shall be made to the City Engineer before work may begin anew on any items requiring inspection.

(H) It is further understood and agreed whenever the City Engineer, or his duly authorized representative, inspects portions of work as mentioned hereinbefore, and finds the work performed to be in a satisfactory condition for inclusion in the completed project, the City Engineer, or his duly authorized representative, shall issue a statement of inspection which shall permit the "Subdivider" to perform the next phase of the construction. Ordinarily not less than one continuous block of any one of the items of work mentioned will be approved. It is further agreed that inspection and approval of any item of work shall not forfeit the right of the City to require the correction of faulty workmanship or materials at any time during the course of the work although previously approved and notwithstanding construction has proceeded according to plans approved by the "City". Should subsurface conditions be discovered such as excess water, clay, salts, voids or other defects, which were not originally contemplated, the "City" may require the "Subdivider", at the "Subdivider's" expense, to alter its plans for future construction or to correct, change or reconstruct the area affected by said defects.

The "Subdivider" further agrees nothing herein shall relieve him of the responsibility for proper construction and maintenance of the work, materials and equipment required under the terms of this Agreement until all work has been completed by him and accepted by the City of Las Vegas.

(I) The "Subdivider" further agrees to provide for the adjustment necessary to all existing utilities because of the work required by this Agreement, without cost to the "City".

(J) The "Subdivider" further agrees to furnish to the City Engineer, upon completion of all the improvements within City right of way required hereby, a map which is accurately indicated by lettered dimensions; the location of all manholes, the location, size and depth of all sewer mains, laterals and wyes for the connection of house service lines, and size and depth.

(K) The "Subdivider" further agrees that all improvements shall be made in accordance with the general regulations, specifications, and ordinances of the said City of Las Vegas, and that approval of the final subdivision map shall not be made until all street plans and profiles, typical street sections, sewer plans and profiles, electric light layout and architectural arrangements of housing units, and all other such plans and specifications as may be required have been submitted to and approved by the various City Departments concerned.

(L) It is further agreed that the "City" shall have the right to require the correction by the "Subdivider" at any time before release of the bond required herein, of any item, or items, to be installed under this Agreement which do not conform to City Standards, Specifications or Ordinances, even though the plans for the item in question may have been approved by the City Engineer.

(M) The "Subdivider" further agrees that said improvements shall be started within thirty days from the date of the signing of this Agreement and that said improvements shall be completed within twelve months from the date the project is started.

(N) It is further agreed that in the event the "Subdivider" fails to complete said improvements within said period, the "City" may at its option, proceed to complete said improvements at the expense of the "Subdivider" or under his bond as hereinafter provided for.

(O) The said "Su[illegible]ivider" further agrees th[illegible] he will execute a surety and performance bond for the full cost of said improvements in favor of the "City", conditioned that said "Subdivider" will complete said improvements within said period and further conditioned that said bond shall be used for the payment of the completion of said improvements within the said twelve month period and that the "City" has exercised its option to complete said improvements and further provided that any application for the release of said bond upon the completion of the improvements by the "Subdivider" shall not be granted unless accompanied by a written certificate from the City Engineer, stating that all requirements hereof have been satisfactorily completed in accordance with the terms of this Agreement. Said "Subdivider" further agrees that said bond shall be first submitted to and approved by the City Attorney of the City of Las Vegas.

No certificates of occupancy will be granted to tract houses until such a time that the offsite improvements are completed in accordance with the Uniform Standard Drawings for Public Works Construction Clark County Area and Uniform Standard Specifications for Public Works Construction Clark County Area in effect at the signing of this Agreement, Title XI, Chapter 2 of the Las Vegas Municipal Code, the Subdivision Agreement, the Bond and to the satisfaction of the City Engineer.

(P) Upon the signing of this Agreement by the parties hereto, upon the execution of the Surety and Performance Bond as called for herein and its acceptance by the "City", and upon performance by the "Subdivider" and the City Departments concerned (as provided in Paragraph (H) above), the "City" will, by its proper authorities, accept said final map of the "Subdivider" and do any further or such other acts as may be necessary to approve said final map, as provided by Nevada Revised Statutes, Chapter 278, and Title XI, Chapter 2, of the Las Vegas Municipal Code.

(Q) The "Subdivider" further agrees that in addition to the above conditions, any and/or all stipulations and agreements made by it and the Board of City Commissioners and/or City Planning Commission of Las Vegas will be fully performed.

(R) The "Subdivider" shall protect and take care of all work until its completion and final acceptance by the City. During moving in, con-

struction and moving off, the "Subdivider" shall keep the site free and clean from dangerous accumulation of rubbish and debris, and shall maintain sufficient and proper barricades, lights, etc., for the protection of the public. Final acceptance of the work will not be made by the "City" until the area falling under the Agreement, known as Washington Square Unit #7 and adjacent property has been cleared of all rubbish, surplus materials, and equipment resulting from the Contractor's operations, to the satisfaction of the City Engineer.

IN WITNESS WHEREOF, the parties hereto have set their hands and official seals on the date first above written.

AG&H ENTERPRISES, INC.

BY Gail W. Spanelli Pres.

BY Ruth Spanelli sec.

CITY OF LAS VEGAS, NEVADA,
a Municipal Corporation

BY William H. Briare
WILLIAM H. BRIARE, MAYOR

ATTEST:
CAROL ANN HAWLEY
CITY CLERK

Maureen A. Parco
MAUREEN A. PARCO, DEPUTY CITY CLERK

SUBDIVISION AGREEMENT

(A) THIS AGREEMENT made and entered into this 7th day of October, 1980, by and between AG&H ENTERPRISES, INC. ~~310 North Cota Suite "N" Corona, California 91720~~ hereinafter referred to as "Subdivider", and the City of Las Vegas, Clark County, Nevada, a municipal corporation, hereinafter referred to as "City".

WITNESSETH:

(B) THAT, WHEREAS, at a meeting held by the City Planning Commission of Las Vegas, Nevada, on November 27, 1979, the said Commission conditionally approved a tentative map of the premises known as Washington Square Unit #7 located in Las Vegas and recommended its approval by the Board of City Commissioners of Las Vegas, Clark County, Nevada; and

(C) WHEREAS, at a regular meeting held on December 19, 1979, the Board of City Commissioners of said City of Las Vegas approved the tentative map of Washington Square Unit #7, subject to certain conditions; and

(D) WHEREAS, at a regular meeting held on November 27, 1979, the City Planning Commission of Las Vegas, Nevada, approved the final map for Washington Square Unit #7, subject to the construction of certain improvements to be made by the "Subdivider" as required by Title XI, Chapter 2 of the Las Vegas Municipal Code.

(E) WHEREAS, at a regular meeting to be held on the 1st day of October, 1980, the Board of City Commissioners of the said "City" will be asked to approve said final map subject to the recommendations as set forth by the City Planning Commission of Las Vegas, Nevada.

(F) NOW, THEREFORE, THE PARTIES OF THIS AGREEMENT, for and in consideration of the mutual promises herein contained and for other good and valuable considerations, do hereby agree as follows:

The said "Subdivider" has submitted plans for Washington Square Unit #7 and agrees to construct at his cost and expense, all improvements shown on plans submitted, and further agrees to install these improvements in strict accordance with the applicable Uniform Standard Specifications of Public Works Construction, Clark County Area in effect at the date of signing of this Agreement.

(G) The "Subdivider" agrees to notify the City Engineer of the date and the hour when work is expected to begin on any of the following items, notification to be not less than twenty-four (24) hours in advance of the time work is anticipated to start, and if thereafter conditions develop to delay the start of work, the "Subdivider" agrees to notify the City Engineer of the delay not less than two (2) hours before work is scheduled to begin.

Laying of utility lines and storm drains;
Backfilling of utility line trenches & storm drain trenches;
Placing concrete for curb, gutter, sidewalk, valley gutter storm drain structures, manholes and street lighting foundations;
Excavating for roadway;
Placing of Type 1 gravel base course;
Placing of Type II gravel base course;
Priming base course;
Placing asphalt concrete surfacing;
Sealing pavements (fog seal or open grade surfacing);
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It is understood and agreed, should the "Subdivider" suspend work on any item longer than overnight (except during Saturdays and Sundays) a new notification shall be made to the City Engineer before work may begin anew on any items requiring inspection.

(H) It is further understood and agreed whenever the City Engineer, or his duly authorized representative, inspects portions of work as mentioned hereinbefore, and finds the work performed to be in a satisfactory condition for inclusion in the completed project, the City Engineer, or his duly authorized representative, shall issue a statement of inspection which shall permit the "Subdivider" to perform the next phase of the construction. Ordinarily not less than one continuous block of any one of the items of work mentioned will be approved. It is further agreed that inspection and approval of any item of work shall not forfeit the right of the City to require the correction of faulty workmanship or materials at any time during the course of the work although previously approved and notwithstanding construction has proceeded according to plans approved by the "City". Should subsurface conditions be discovered such as excess water, clay, salts, voids or other defects, which were not originally contemplated, the "City" may require the "Subdivider", at the "Subdivider's" expense, to alter its plans for future construction or to correct, change or reconstruct the area affected by said defects.

The "Subdivider" further agrees nothing herein shall relieve him of the responsibility for proper construction and maintenance of the work, materials and equipment required under the terms of this Agreement until all work has been completed by him and accepted by the City of Las Vegas.

(I) The "Subdivider" further agrees to provide for the adjustment necessary to all existing utilities because of the work required by this Agreement, without cost to the "City".

(J) The "Subdivider" further agrees to furnish to the City Engineer, upon completion of all the improvements within City right of way required hereby, a map which is accurately indicated by lettered dimensions; the location of all manholes, the location, size and depth of all sewer mains, laterals and wyes for the connection of house service lines, and size and depth.

(K) The "Subdivider" further agrees that all improvements shall be made in accordance with the general regulations, specifications, and ordinances of the said City of Las Vegas, and that approval of the final subdivision map shall not be made until all street plans and profiles, typical street sections, sewer plans and profiles, electric light layout and architectural arrangements of housing units, and all other such plans and specifications as may be required have been submitted to and approved by the various City Departments concerned.

(L) It is further agreed that the "City" shall have the right to require the correction by the "Subdivider" at any time before release of the bond required herein, of any item, or items, to be installed under this Agreement which do not conform to City Standards, Specifications or Ordinances, even though the plans for the item in question may have been approved by the City Engineer.

(M) The "Subdivider" further agrees that said improvements shall be started within thirty days from the date of the signing of this Agreement and that said improvements shall be completed within twelve months from the date the project is started.

(N) It is further agreed that in the event the "Subdivider" fails to complete said improvements within said period, the "City" may at its option, proceed to complete said improvements at the expense of the "Subdivider" or under his bond as hereinafter provided for.

(O) The said "Subdivider" further agrees that he will execute a surety and performance bond for the full cost of said improvements in favor of the "City", conditioned that said "Subdivider" will complete said improvements within said period and further conditioned that said bond shall be used for the payment of the completion of said improvements within the said twelve month period and that the "City" has exercised its option to complete said improvements and further provided that any application for the release of said bond upon the completion of the improvements by the "Subdivider" shall not be granted unless accompanied by a written certificate from the City Engineer, stating that all requirements hereof have been satisfactorily completed in accordance with the terms of this Agreement. Said "Subdivider" further agrees that said bond shall be first submitted to and approved by the City Attorney of the City of Las Vegas.

No certificates of occupancy will be granted to tract houses until such a time that the offsite improvements are completed in accordance with the Uniform Standard Drawings for Public Works Construction Clark County Area and Uniform Standard Specifications for Public Works Construction Clark County Area in effect at the signing of this Agreement, Title XI, Chapter 2 of the Las Vegas Municipal Code, the Subdivision Agreement, the Bond and to the satisfaction of the City Engineer.

(P) Upon the signing of this Agreement by the parties hereto, upon the execution of the Surety and Performance Bond as called for herein and its acceptance by the "City", and upon performance by the "Subdivider" and the City Departments concerned (as provided in Paragraph (H) above), the "City" will, by its proper authorities, accept said final map of the "Subdivider" and do any further or such other acts as may be necessary to approve said final map, as provided by Nevada Revised Statutes, Chapter 278, and Title XI, Chapter 2, of the Las Vegas Municipal Code.

(Q) The "Subdivider" further agrees that in addition to the above conditions, any and/or all stipulations and agreements made by it and the Board of City Commissioners and/or City Planning Commission of Las Vegas will be fully performed.

(R) The "Subdivider" shall protect and take care of all work until its completion and final acceptance by the City. During moving in, con-

struction and moving off, the "Subdivider" shall keep the site free and clean from dangerous accumulation of rubbish and debris, and shall maintain sufficient and proper barricades, lights, etc., for the protection of the public. Final acceptance of the work will not be made by the "City" until the area falling under the Agreement, known as Washington Square Unit #7 and adjacent property has been cleared of all rubbish, surplus materials, and equipment resulting from the Contractor's operations, to the satisfaction of the City Engineer.

IN WITNESS WHEREOF, the parties hereto have set their hands and official seals on the date first above written.

AG&H ENTERPRISES, INC.

BY Gail Sponseller Pres.

BY Ruth Sponseller Sec.

CITY OF LAS VEGAS, NEVADA,
a Municipal Corporation

BY William H. Briare
WILLIAM H. BRIARE, MAYOR

ATTEST:
CAROL ANN HAWLEY
CITY CLERK

Maureen A. Parco
MAUREEN A. PARCO, DEPUTY CITY CLERK

AGREEMENT IN LIEU OF BOND

THIS AGREEMENT, made and entered into as of the 14th day of October, 1980, by and between A. G. & H. ENTERPRISES, INC., a California corporation, hereinafter referred to as the SUBDIVIDER; and the CITY OF LAS VEGAS, NEVADA, a municipal corporation, hereinafter referred to as the CITY; and THE LOMAS & NETTLETON COMPANY, a Connecticut corporation, hereinafter referred to as the FINANCIAL INSTITUTION.

W I T N E S S E T H :

WHEREAS, the SUBDIVIDER has agreed to do and perform certain work consisting of the construction of off-site improvements in the subdivision described on Exhibit "A" attached hereto and incorporated herein by this reference, as currently required by the CITY's Municipal Code, including, but not limited to, water and sewer systems, street lighting and electrical and telephone systems, in accordancae with that certain Agreement between the SUBDIVIDER and the CITY marked Exhibit "B" attached hereto and by this reference made a part hereof; and

WHEREAS, in said Subdivision Agreement, the SUBDIVIDER agreed to execute a Surety and Performance Bond in favor of the CITY, securing to the CITY the faithful performance of all of the terms and conditions thereon on the SUBDIVIDER's part to be performed; and

WHEREAS, the appropriate ordinances of the CITY provide that, in lieu of said Surety and Performance Bond, SUBDIVIDER may make a cash deposit, equal in amount to such Surety and Performance Bond which would otherwise be required, in an acceptable financial institution, provided that a proper agreement is entered into by and between the SUBDIVIDER, the CITY and the FINANCIAL INSTITUTION; and

WHEREAS, the SUBDIVIDER desires to arrange for cash disbursements controlled by the CITY in lieu of the aforesaid Surety and Performance Bond or cash deposit, and the CITY desires to accept such arrangement in satisfaction of the SUBDIVIDER's obligation to provide such bond.

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

1. The SUBDIVIDER hereby represents that the FINANCIAL INSTITUTION has immediate access to unrestricted funds in the amount of SIX HUNDRED FIFTY-ONE THOUSAND FIVE HUNDRED FIFTY-SIX DOLLARS ($651,556.00), being a portion of the Loan to be disbursed by the FINANCIAL INSTITUTION pursuant to the Loan Agreement between SUBDIVIDER and FINANCIAL INSTITUTION, a true photocopy of which is attached hereto as Exhibit "C" and incorporated herein by reference. That portion of the Loan (the "Development Allocation") in the aforesaid sum shall be used for payment or reimbursement of the work, labor and material costs and expenses as listed on the Subdivision Cost Sheet attached hereto as Exhibit "D" and incorporated herein by reference. By its execution hereof, the FINANCIAL INSTITUTION hereby verifies that said Development Allocation has been established and that the aforesaid sum is available for immediate disbursement in accordance with the terms of said Loan Agreement.

2. Proceeds of the Development Allocation may be disbursed only upon Requests for Advances signed jointly by the Treasurer of the CITY and by some person designated by the SUBDIVIDER, subject to the terms of said Loan Agreement.

3. It is agreed that progress payments will be disbursed to the SUBDIVIDER from time to time out of said Development Allocation as the work on said improvements progresses; and the Treasurer of the CITY, upon written notice from the City Engineer stating the percentage of the work completed and the amount to be paid therefor, shall sign a Request for Advance to the above FINANCIAL INSTITUTION for disbursement of funds in the amount stated in such notice from the City Engineer; provided, however, that there shall be at all times a twenty-five percent (25%) retention of said funds in said account until all of the off-site improvements called for in said Subdivision Agreement have been completed and accepted by the CITY.

4. In the event said off-site improvements are not completed to the satisfaction of the CITY within the time prescribed in said Subdivision Agreement for the completion of the off-site improvements and the CITY desires to complete said improvements, the CITY shall serve upon the SUBDIVIDER and upon the FINANCIAL INSTITUTION written notice of such default and the City's intention to complete the improvements, and thereafter, Requests for Advances of proceeds of the Development Allocation shall be valid and binding and shall be honored by the FINANCIAL INSTITUTION upon the sole signature of the Treasurer of the CITY. SUBDIVIDER hereby expressly consents to such disbursements by FINANCIAL INSTITUTION directly to the CITY in accordance with the provisions of this Agreement.

5. It is acknowledged by the SUBDIVIDER that the sum provided for in Paragraph 1 above is based upon the estimated cost of the improvements called for in said Subdivision Agreement. It is understood and agreed that in the event the actual cost of said improvements shall exceed such sum, the SUBDIVIDER is in no way relieved by this Agreement from the obligation of paying the amount of such excess; provided, however, that in no event shall FINANCIAL INSTITUTION be obligated to disburse in excess of the sum of SIX HUNDRED FIFTY-ONE THOUSAND FIVE HUNDRED FIFTY-SIX AND NO/100 DOLLARS ($651,556.00) in payment of such costs.

6. It is understood and agreed that the Development Allocation is a security interest and that the CITY's claim to said funds may, subject to applicable law, be prior to that of any creditor, referee, receiver or trustee in the event of insolvency or bankruptcy; and that in such event, said funds shall not be administered by any receiver, referee or trustee, but shall be paid and disbursed according to the terms of this Agreement.

7. Upon final acceptance by the Board of Commissioners of the CITY of all the off-site improvements called for in said Subdivision Agreement, this Agreement shall become null and void and of no further force or effect, without the need for any other action by the parties hereto.

8. LOMAS & NETTLETON FINANCIAL CORPORATION ("LNFC"), a Delaware corporation, by its execution hereof, warrants and represents to the CITY that FINANCIAL INSTITUTION is a wholly-owned subsidiary of LNFC; that the financial statements of FINANCIAL INSTITUTION are consolidated with those of LNFC; and that the consolidated financial statements attached hereto as Exhibit "E" are true and correct as of the date thereof. LNFC hereby guarantees to the CITY the availability of immediate funds to satisfy the obligations of FINANCIAL INSTITUTION to disburse

the proceeds of the Development Allocation in accordance with the terms and provisions of said Loan Agreement and this Agreement.

9. This Agreement and all of the provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto, their respective heirs, legal representatives, successors and assigns.

10. This Agreement, and all questions concerning the execution, validity or invalidity, capacity of the parties and the performance of the provisions of this Agreement, shall be interpreted and construed in accordance with the laws of the State of Nevada.

11. By the execution of this Agreement, the parties hereto are deemed to consent to the jurisdiction of the courts of the State of Nevada. It is agreed by the parties hereto that any action or suit instituted under or upon the provisions of this Agreement must be filed in the state or federal court of the State of Nevada.

IN WITNESS WHEREOF, the parties hereto have executed, or have caused to be executed by their duly authorized representatives, this Agreement, in triplicate, the day and year first above written.

SUBDIVIDER:

A. G. & H. ENTERPRISES, INC.
A California Corporation

By: Gail W. Jonselle
President

CITY OF LAS VEGAS, NEVADA
A Municipal Corporation
CAROL ANN HAWLEY, CITY CLERK

By: Maureen A. Parco
MAUREEN A. PARCO, DEPUTY CITY CLERK

RSS By: William H. Briare
City Mayor

FINANCIAL INSTITUTION:

THE LOMAS & NETTLETON COMPANY
A Connecticut Corporation

By: Thomas Cone
Thomas Cone, Assistant Vice President

LOMAS & NETTLETON FINANCIAL CORPORATION
A Delaware Corporation

By: Jess Gary
Title: C.E.O.

STATE OF NEVADA §
§
COUNTY OF CLARK §

BEFORE ME, the undersigned authority, on this day personally appeared GAIL W. SPONSELLER, the _____ President of A. G. & H. ENTERPRISES, INC., a California corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and as the act and deed of said corporation, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 14th day of October, 1980.

Notary Public — State of Nevada
CLARK COUNTY
SUE W. LITWILLER
My Appointment Expires FEB. 5, 1984

Sue W. Litwiller
Notary Public in and for
CLARK County, NEVADA

[S E A L]

My Commission Expires:

____

STATE OF NEVADA §
§
COUNTY OF Clark §

BEFORE ME, the undersigned authority, on this day personally appeared Maureen A. Parco and William H. Briare the Deputy City Clerk and City Mayor, respectively, of CITY OF LAS VEGAS, NEVADA, a municipal corporation, known to me to be the persons and officers whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed, and as the act and deed of said municipal corporation, and in the capacities therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 22nd day of October, 1980.

NOTARY PUBLIC
Monice P. Keller
STATE OF NEVADA
COUNTY OF CLARK
MY APPOINTMENT EXPIRES
January 23, 1984

Monice P. Keller
Notary Public in and for
Clark County, Nevada

[S E A L]

My Commission Expires:
January 23, 1984

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared THOMAS CONE, the Assistant Vice President of THE LOMAS & NETTLETON COMPANY, a Connecticut corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and as the act and deed of said corporation, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 10th day of October, 1980.

J. Richard White

Notary Public, State of Texas
County of Dallas

[S E A L]

NOTARY PUBLIC STATE OF TEXAS

My Commission Expires:

J. RICHARD WHITE
Notary Public, State of Texas
My Commission Expires: May 24, 1984

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared JESS HAY, the Chief Executive Officer of LOMAS & NETTLETON FINANCIAL CORPORATION, a Delaware corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and as the act and deed of said corporation, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 10th day of October, 1980.

J. Richard White

Notary Public, State of Texas
County of Dallas

[S E A L]

NOTARY PUBLIC STATE OF TEXAS

My Commission Expires:

J. RICHARD WHITE
Notary Public, State of Texas
My Commission Expires: May 24, 1984

EXHIBIT "A"

SUBDIVISION

EXHIBIT "A"

Lots 249 through 270 in Block 1;

Lots 271 through 291 in Block 2;

Lots 292 through 315 in Block 3;

Lots 320 and 348 in Block 4;

Lots 349 through 351 in Block 5;

Lots 352 through 369 in Block 6;

Lots 370 through 394 in Block 7 and

Lots 316 through 319 in Block 8, all in WASHINGTON SQUARE UNIT NO. 7, as shown by map thereof on file in Book ____ of plats, page ____ , in the Office of the County Recorder of Clark County, Nevada.

EXHIBIT "B"

<u>AGREEMENT</u>

SUBDIVISION AGREEMENT

(A) THIS AGREEMENT made and entered into this 7th day of October, 19 80, by and between AG&H ENTERPRISES, INC. ~~310 North Cota Suite "N" Corona, California 91720~~ hereinafter referred to as "Subdivider", and the City of Las Vegas, Clark County, Nevada, a municipal corporation, hereinafter referred to as "City".

WITNESSETH:

(B) THAT, WHEREAS, at a meeting held by the City Planning Commission of Las Vegas, Nevada, on November 27, 19 79, the said Commission conditionally approved a tentative map of the premises known as Washington Square Unit #7 located in Las Vegas and recommended its approval by the Board of City Commissioners of Las Vegas, Clark County, Nevada; and

(C) WHEREAS, at a regular meeting held on December 19, 1979, the Board of City Commissioners of said City of Las Vegas approved the tentative map of Washington Square Unit #7, subject to certain conditions; and

(D) WHEREAS, at a regular meeting held on November 27, 1979, the City Planning Commission of Las Vegas, Nevada, approved the final map for Washington Square Unit #7, subject to the construction of certain improvements to be made by the "Subdivider" as required by Title XI, Chapter 2 of the Las Vegas Municipal Code.

(E) WHEREAS, at a regular meeting to be held on the 1st day of October, 19 80, the Board of City Commissioners of the said "City" will be asked to approve said final map subject to the recommendations as set forth by the City Planning Commission of Las Vegas, Nevada.

(F) NOW, THEREFORE, THE PARTIES OF THIS AGREEMENT, for and in consideration of the mutual promises herein contained and for other good and valuable considerations, do hereby agree as follows:

The said "Subdivider" has submitted plans for Washington Square Unit #7 and agrees to construct at his cost and expense, all improvements shown on plans submitted, and further agrees to install these improvements in strict accordance with the applicable Uniform Standard Specifications of Public Works Construction, Clark County Area in effect at the date of signing of this Agreement.

(G) The "Subdivider" agrees to notify the City Engineer of the date and the hour when work is expected to begin on any of the following items, notification to be not less than twenty-four (24) hours in advance of the time work is anticipated to start, and if thereafter conditions develop to delay the start of work, the "Subdivider" agrees to notify the City Engineer of the delay not less than two (2) hours before work is scheduled to begin.

Laying of utility lines and storm drains;
Backfilling of utility line trenches & storm drain trenches;
Placing concrete for curb, gutter, sidewalk, valley gutter storm drain structures, manholes and street lighting foundations;
Excavating for roadway;
Placing of Type 1 gravel base course;
Placing of Type II gravel base course;
Priming base course;
Placing asphalt concrete surfacing;
Sealing pavements (fog seal or open grade surfacing);
Installing street lighting

It is understood and agreed, should the "Subdivider" suspend work on any item longer than overnight (except during Saturdays and Sundays) a new notification shall be made to the City Engineer before work may begin anew on any items requiring inspection.

(H) It is further understood and agreed whenever the City Engineer, or his duly authorized representative, inspects portions of work as mentioned hereinbefore, and finds the work performed to be in a satisfactory condition for inclusion in the completed project, the City Engineer, or his duly authorized representative, shall issue a statement of inspection which shall permit the "Subdivider" to perform the next phase of the construction. Ordinarily not less than one continuous block of any one of the items of work mentioned will be approved. It is further agreed that inspection and approval of any item of work shall not forfeit the right of the City to require the correction of faulty workmanship or materials at any time during the course of the work although previously approved and notwithstanding construction has proceeded according to plans approved by the "City". Should subsurface conditions be discovered such as excess water, clay, salts, voids or other defects, which were not originally contemplated, the "City" may require the "Subdivider", at the "Subdivider's" expense, to alter its plans for future construction or to correct, change or reconstruct the area affected by said defects.

The "Subdivider" further agrees nothing herein shall relieve him of the responsibility for proper construction and maintenance of the work, materials and equipment required under the terms of this Agreement until all work has been completed by him and accepted by the City of Las Vegas.

(I) The "Subdivider" further agrees to provide for the adjustment necessary to all existing utilities because of the work required by this Agreement, without cost to the "City".

(J) The "Subdivider" further agrees to furnish to the City Engineer, upon completion of all the improvements within City right of way required hereby, a map which is accurately indicated by lettered dimensions; the location of all manholes, the location, size and depth of all sewer mains, laterals and wyes for the connection of house service lines, and size and depth.

(K) The "Subdivider" further agrees that all improvements shall be made in accordance with the general regulations, specifications, and ordinances of the said City of Las Vegas, and that approval of the final subdivision map shall not be made until all street plans and profiles, typical street sections, sewer plans and profiles, electric light layout and architectural arrangements of housing units, and all other such plans and specifications as may be required have been submitted to and approved by the various City Departments concerned.

(L) It is further agreed that the "City" shall have the right to require the correction by the "Subdivider" at any time before release of the bond required herein, of any item, or items, to be installed under this Agreement which do not conform to City Standards, Specifications or Ordinances, even though the plans for the item in question may have been approved by the City Engineer.

(M) The "Subdivider" further agrees that said improvements shall be started within thirty days from the date of the signing of this Agreement and that said improvements shall be completed within twelve months from the date the project is started.

(N) It is further agreed that in the event the "Subdivider" fails to complete said improvements within said period, the "City" may at its option, proceed to complete said improvements at the expense of the "Subdivider" or under his bond as hereinafter provided for.

(O) The said "Subdivider" further agrees that he will execute a surety and performance bond for the full cost of said improvements in favor of the "City", conditioned that said "Subdivider" will complete said improvements within said period and further conditioned that said bond shall be used for the payment of the completion of said improvements within the said twelve month period and that the "City" has exercised its option to complete said improvements and further provided that any application for the release of said bond upon the completion of the improvements by the "Subdivider" shall not be granted unless accompanied by a written certificate from the City Engineer, stating that all requirements hereof have been satisfactorily completed in accordance with the terms of this Agreement. Said "Subdivider" further agrees that said bond shall be first submitted to and approved by the City Attorney of the City of Las Vegas.

No certificates of occupancy will be granted to tract houses until such a time that the offsite improvements are completed in accordance with the Uniform Standard Drawings for Public Works Construction Clark County Area and Uniform Standard Specifications for Public Works Construction Clark County Area in effect at the signing of this Agreement, Title XI, Chapter 2 of the Las Vegas Municipal Code, the Subdivision Agreement, the Bond and to the satisfaction of the City Engineer.

(P) Upon the signing of this Agreement by the parties hereto, upon the execution of the Surety and Performance Bond as called for herein and its acceptance by the "City", and upon performance by the "Subdivider" and the City Departments concerned (as provided in Paragraph (H) above), the "City" will, by its proper authorities, accept said final map of the "Subdivider" and do any further or such other acts as may be necessary to approve said final map, as provided by Nevada Revised Statutes, Chapter 278, and Title XI, Chapter 2, of the Las Vegas Municipal Code.

(Q) The "Subdivider" further agrees that in addition to the above conditions, any and/or all stipulations and agreements made by it and the Board of City Commissioners and/or City Planning Commission of Las Vegas will be fully performed.

(R) The "Subdivider" shall protect and take care of all work until its completion and final acceptance by the City. During moving in, con-

struction and moving off, the "Subdivider" shall keep the site free and clean from dangerous ac mulation of rubbish and oris, and shall maintain sufficient and proper barricades, lights, etc., for the protection of the public. Final acceptance of the work will not be made by the "City" until the area falling under the Agreement, known as Washington Square Unit #7 and adjacent property has been cleared of all rubbish, surplus materials, and equipment resulting from the Contractor's operations, to the satisfaction of the City Engineer.

IN WITNESS WHEREOF, the parties hereto have set their hands and official seals on the date first above written.

AG&H ENTERPRISES, INC.

BY Gabriel Bonelli Pres.

BY Ruth Bonelli Sec.

CITY OF LAS VEGAS, NEVADA,
a Municipal Corporation

BY William H. Briare
WILLIAM H. BRIARE, MAYOR

ATTEST:
CAROL ANN HAWLEY, CITY CLERK

Maureen A. Parco
MAUREEN A. PARCO, DEPUTY CITY CLERK

CORPORATE CERTIFICATE

I, Ruth Sponseller, certify that I am the Secretary of the Corporation named as Subdivider in the Foregoing Agreement; that Gail W. Sponseller who signed said Agreement on behalf of the Subdivider was then President of the said Corporation; that said Agreement was duly signed for and in behalf of said Corporation by authority of its governing body and is within the scope of its corporate powers.

AG&H Enterprises, Inc.

By Ruth Sponseller
Secretary

(CORPORATE SEAL)

STATE OF CALIFORNIA)
)
COUNTY OF RIVERSIDE)

On this 7th day of October, 1980, personally appeared Gail W. Sponseller before me, Pamela J. Keefer, a Notary Public in and for Riverside County, California; Gail W. Sponseller and Ruth Sponseller, known to me to be the President and Secretary of the corporation that executed the foregoing instrument, and upon oath, did depose that he is the officer of said corporation as above designated; that he is acquainted with the seal of said corporation, and that the seal affixed to said instrument is the corporate seal of said corporation; that the signature(s) to said instrument were made by officers of said corporation as indicated after said signature(s) and that the said corporation executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

OFFICIAL SEAL
PAMELA J. KEEFER
NOTARY PUBLIC - CALIFORNIA
RIVERSIDE COUNTY
My comm. expires JUN 4, 1982
NOTARY SEAL

Pamela J. Keefer
Notary Public in and for said County & State
My Commission Expires: June 4, 1982

EXHIBIT "C"

LOAN AGREEMENT

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated October _____, 1980, is made by and between THE LOMAS & NETTLETON COMPANY, a Connecticut corporation ("Lender"), whose address is 2001 Bryan Tower, Suite 3600, Dallas, Texas 75201, and A. G. & H. ENTERPRISES, INC., a California corporation ("Borrower"), whose address is 310 North Cota, Suite "N", Corona, California 91720, in respect of a loan in the principal sum of ONE MILLION SEVEN HUNDRED FIFTY-TWO THOUSAND AND NO/100 DOLLARS ($1,752,000.00).

ARTICLE I

DEFINITIONS

For purposes of this Loan Agreement, the following terms shall have the respective meanings assigned to them.

1.01 Advance. The term "Advance" shall mean a disbursement by Lender of any of the proceeds of the Loan and/or the Borrower's Deposit.

1.02 Affidavit of Borrower. The term "Affidavit of Borrower" shall mean a sworn affidavit of Borrower (and such other parties as Lender may require) to the effect that all statements, invoices, bills and other expenses incident to the acquisition of the Property and the construction of the Improvements incurred to a specified date, whether or not specified in the Approved Budget, have been paid in full, except for (a) amounts retained pursuant to the Construction Contract, and (b) items to be paid from the proceeds of an Advance then being requested or in another manner satisfactory to Lender.

1.03 Application for Advance. The term "Application for Advance" shall mean a written application by Borrower (and such other parties as Lender may require) to Lender, specifying by name, current address and amount all parties to whom Borrower is obligated for labor, materials or services supplied for the construction of the Improvements and all other expenses incident to the Loan, the Property and the construction of the Improvements, whether or not specified in the Approved Budget, requesting an Advance for the payment of such items, containing, if requested by Lender, an Affidavit of Borrower, accompanied by such schedules, affidavits, releases, waivers, statements, invoices, bills and other documents as Lender may reasonably request.

1.04 Approved Budget. The term "Approved Budget" shall mean a budget or cost itemization prepared by Borrower, specifying the cost by item of (a) all labor, materials and services necessary for the construction of the Improvements in accordance with the Plans, the Permanent Loan Commitment and all Governmental Requirements, and (b) all other expenses anticipated by Borrower incident to the Loan, the Property and the construction of the Improvements. The Approved Budget is attached hereto as Exhibit "C" and incorporated herein by reference.

1.05 Borrower. The term "Borrower" shall mean all parties named Borrower in the first paragraph of the Loan Agreement.

1.06 Borrower's Deposit. The term "Borrower's Deposit" shall mean such cash sums as Lender may deem necessary, from time to time, until the Loan is paid in full, in addition to the Loan, for the payment of the costs of labor, materials and services required for the construction of the Improvements, other costs and expenses specified in the Approved Budget and other costs and expenses required to be paid in connection with the construction of the Improvements in accordance with the Plans, any Governmental Requirements and the requirements of any Construction Loan Commitment, if applicable.

1.07 Code. The term "Code" shall mean the Uniform Commercial Code, as in force in the state in which the Property is located and, if different, the state of the Borrower's residence.

1.08 Completion Date. The term "Completion Date" shall mean the date set forth on Exhibit "D" attached hereto.

1.09 Construction Contract. The term "Construction Contract" shall mean all construction contracts executed by Borrower for the construction of the Improvements, including, without limitation, contracts between Borrower and Contractor.

1.10 Construction Lender. The term "Construction Lender" shall mean the Construction Lender named on Exhibit "D" attached hereto or the party issuing a Construction Loan Commitment which may hereafter be issued.

1.11 Construction Loan. The term "Construction Loan" shall mean the Loan contemplated by the Construction Loan Commitment, if any.

1.12 Construction Loan Commitment. The term "Construction Loan Commitment" shall mean the Commitment, if any, issued by the Construction Lender to Borrower to make the Construction Loan for the construction of further improvements on the Property and further identified on Exhibit "D" hereto, or any Commitment hereafter issued for a construction loan for the financing of the construction of further improvements on the Property.

1.13 Contractor. The term "Contractor" shall mean the Contractors, whether one or more, named in Exhibit "D" attached hereto.

1.14 Debtor Relief Laws. The term "Debtor Relief Laws" shall mean any applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, insolvency, reorganization or similar laws affecting the rights or remedies of creditors generally, as in effect from time to time.

1.15 Engineer. The term "Engineer" shall mean the Engineer named on Exhibit "D" attached hereto and incorporated herein by reference.

1.16 Engineering Contract. The term "Engineering Contract" shall mean a written agreement between Borrower and Engineer for engineering services pertaining to construction of the Improvements.

1.17 Event of Default. The term "Event of Default" shall mean:

(a) A failure by Borrower to make any payment of principal or interest on the Note when due;

(b) A failure by Borrower to comply with any of the other terms or conditions specified herein or in any other Security Instrument;

(c) The incorrectness of any material representation or warranty made by Borrower to Lender in any of the Security Instruments;

(d) The cessation of the construction of the Improvements for more than fifteen (15) consecutive days without the written consent of Lender, except for causes beyond the reasonable control of Borrower or Contractor, and then not more than thirty (30) days, in any event, without such consent;

(e) A failure of any of the materials supplied for the construction of the Improvements to comply with the Plans, any Governmental Requirements or the requirements of any Construction Loan Commitment, if applicable;

(f) An inability of Borrower to satisfy any condition specified herein as precedent to the obligation of Lender to make an Advance after an Application for Advance has been submitted by Borrower to Lender;

(g) A reasonable determination by Lender that construction of the Improvements will not be completed on or before the Completion Date;

(h) The appointment of a receiver, trustee, conservator or liquidator of Borrower, Guarantor, any of the Property or any other property of Borrower or Guarantor;

(i) A filing by Borrower or Guarantor of a voluntary petition in bankruptcy, seeking reorganization or rearrangement or taking advantage of any Debtor Relief Laws, or an answer by Borrower or Guarantor admitting the material allegations of a petition filed against Borrower or Guarantor, as the case may be, in any bankruptcy, reorganization, insolvency, conservatorship or similar proceeding, or an admission by Borrower or Guarantor, in writing, of an inability to pay its or their debts as they become due;

(j) The making by Borrower or Guarantor of a general assignment for the benefit of creditors;

(k) The entry of an order, judgment or decree by any court of competent jurisdiction adjudicating Borrower or Guarantor as bankrupt or insolvent, or approving a petition seeking reorganization of Borrower or Guarantor or an arrangement of their debts, or appointing a receiver, trustee, conservator or liquidator of Borrower or Guarantor, any of the Property or any other property of Borrower or Guarantor;

(l) An occurrence of any event or condition which results in, or, with notice or lapse of time, could result in a default in the payment of any indebtedness or performance of any obligation of Borrower or Guarantor to Lender; or

(m) The liquidation, termination, dissolution or death of Borrower or Guarantor.

1.18 Financial Statements. The term "Financial Statements" shall mean such balance sheets, profit and loss statements, reconciliations of capital and surplus, changes in financial condition, schedules of sources and applications of funds, operating statements with respect to the Property and other financial information of Borrower and, if required, of Guarantor, as shall be required by Lender, from time to time, which statements, if required by Lender, shall be certified by an independent certified public accountant.

1.19 Financing Statements. The term "Financing Statements" shall mean the Form UCC-1 Code financing statements securing the Loan, to be filed with the appropriate offices for the perfection of a security interest in any of the Property.

1.20 Governmental Authority. The term "Governmental Authority" shall mean the United States, the state, the county, the city or any other political subdivision in which the Property is located, and any other political subdivision, agency or instrumentality exercising jurisdiction over Borrower, Guarantor or the Property.

1.21 Governmental Requirements. The term "Governmental Requirements" shall mean all laws, ordinances, rules and regulations of any Governmental Authority applicable to Borrower, Guarantor or the Property.

1.22 Guarantor. The term "Guarantor" shall mean the Guarantors (whether one or more) named on Exhibit "D" attached hereto.

1.23 Guaranty. The term "Guaranty" shall mean a continuing guaranty of the Loan executed by Guarantor.

1.24 Improvements. The term "Improvements" shall mean the Improvements identified on Exhibit "D" attached hereto.

1.25 Inspecting Engineers. The term "Inspecting Engineers" shall mean the Inspecting Engineers named on Exhibit "D" attached hereto.

1.26 Insurance Policies. The term "Insurance Policies" shall mean (a) public liability insurance and worker's compensation insurance for owners and contractors, and (b) hazard insurance (builder's risk), with standard mortgage clauses attached, providing all risk coverage on the Improvements, including materials stored on the Property or elsewhere and, if requested by Lender, flood and earthquake, under a nonreporting policy, issued by companies satisfactory to Lender.

1.27 Lender. The term "Lender" shall mean the Lender named in the first paragraph of this Loan Agreement.

1.28 Loan. The term "Loan" shall mean the Loan by Lender to Borrower, in an amount not to exceed the principal sum set forth in the first paragraph of this Loan Agreement, for the payment of the costs of labor, materials and services supplied for the construction of the Improvements, specified in the Approved Budget, and all other expenses incident to the acquisition and the construction of the Property, all as specified in the Approved Budget.

1.29 Loan Finance Charge. The term "Loan Finance Charge" shall mean the sum of money set forth on Exhibit "B" attached hereto, to be paid to Lender on the date hereof.

1.30 Lot. The term "Lot" shall mean each of the single-family residential lots to be constructed by Borrower as a portion of the Improvements.

1.31 Mortgage. The term "Mortgage" shall mean the Mortgage or Deed of Trust securing the payment of the Note and the payment and performance of all obligations specified in the Mortgage and this Loan Agreement, and evidencing a valid and enforceable lien on the Property.

1.32 Note. The term "Note" shall mean the Note from Borrower to Lender, dated of even date herewith, in the amount of and evidencing the Loan.

1.33 Partial Release. The term "Partial Release" shall mean the release from the lien and security interest of the Mortgage and other Security Instruments of one (1) or more fully developed, subdivided Lots.

1.34 Partial Release Price. The term "Partial Release Price" shall mean the cash payment to be paid to Lender for the Partial Release of each Lot in the amount as set forth on Exhibit "D" attached hereto.

1.35 Plans. The term "Plans" shall mean the final working drawings and specifications for the construction of the Improvements.

1.36 Property. The term "Property" shall mean the real property described in Exhibit "A" attached hereto and incorporated herein by reference, together with the Improvements and all other property constituting the "Mortgaged Property", as described in the Mortgage, and the collateral described in the Security Agreement.

1.37 Security Agreement. The term "Security Agreement" shall mean a Security Agreement granting to Lender a security interest in collateral for the Loan, in addition to any collateral which is described in the Mortgage and covered by the security agreement included therein.

1.38 Security Instruments. The term "Security Instruments" shall mean this Loan Agreement, the Construction Loan Commitment, if any, the Mortgage, the Note, the Guaranty, the Financing Statements and such other instruments evidencing, securing or pertaining to the Loan as shall, from time to time, be executed and delivered by Borrower, Guarantor or any other party to Lender, pursuant to this Loan Agreement, including, without limitation, each Affidavit of Borrower, each Application for Advance and the Approved Budget.

1.39 Survey. The term "Survey" shall mean a current certified survey of the Property satisfying certain requirements as set forth on Exhibit "D" attached hereto.

1.40 Title Company. The term "Title Company" shall mean the Title Company named on Exhibit "D" attached hereto.

1.41 Title Insurance. The term "Title Insurance" shall mean a title insurance commitment, binder or policy, as Lender may require, in the amount of the Loan, insuring, or committing to insure, that the Mortgage constitutes a valid lien covering the Property having the priority required by Lender and, subject only to those exceptions and encumbrances which Lender may approve, issued by the Title Company.

ARTICLE II

AGREEMENTS OF LENDER

2.01 Commitment of Lender. Subject to the conditions hereof and provided that an Event of Default has not occurred, Lender will make Advances to Borrower in accordance with this Loan Agreement.

2.02 Interest on the Loan. Interest on the Loan, at the rate specified in the Note, shall be computed on the unpaid principal balance which exists from time to time and shall be computed with respect to each Advance only from the date of such Advance.

2.03 Advances. Advances for the payment of costs of labor, materials and services supplied for the construction of the Improvements shall be made by Lender, not more frequently than specified on Exhibit "D" attached hereto, upon compliance by Borrower with this Loan Agreement after actual commencement of construction of the Improvements for work actually done during the preceding period. From time to time, Borrower shall submit an Application for Advance to Lender requesting an Advance for the payment of costs of labor, materials and services supplied for the construction of the Improvements or for the payment of other costs and expenses incident to the Loan, the acquisition of the Property or the construction of the Improvements, and specified in the Approved Budget. Lender may require an inspection of and favorable report on the Improvements by the Inspecting Engineers prior to making any Advance. Advances for payment of costs of construction of the Improvements shall not exceed the aggregate of (a) the costs of labor, materials and services incorporated into the Improvements, in a manner acceptable to Lender, plus (b) if approved by Lender, the purchase price of all uninstalled materials to be utilized in the construction of the Improvements stored on the Property, or elsewhere, with the written consent of and in a manner acceptable to Lender, less (c) retainage, if any, as set forth on Exhibit "D" attached hereto, and less (d) all prior Advances for payment of costs of labor, materials and services for the construction of the Improvements. Each Application for Advance shall be submitted by Borrower to Lender a reasonable time [but not less than five (5) days] prior to the date on which an Advance is desired by Borrower. The final Advance, including all retainage, will not be made until the Lender has received the following: (1) a completion certificate from the Inspecting Engineers, if any; (2) evidence that all Governmental Requirements have been satisfied and that all utility services are available to the Property; (3) evidence that no mechanic's or materialmen's liens or other encumbrances have been filed and remain in effect against the Property; and (4) final lien releases or waivers by Engineer, Contractor and all subcontractors, materialmen and other parties who have supplied labor, materials or services for the construction of the Improvements, or who otherwise might be entitled to claim a contractual, statutory or constitutional lien against the Property.

2.04 Conditions to the First Advance. As a condition precedent to the First Advance hereunder, Borrower must satisfy the conditions required hereby and execute and deliver to, procure for and deposit with and pay to Lender and, if appropriate, record in the proper records, with all filing and recording fees paid, the documents, certificates and other items described in Exhibit "B" attached hereto and incorporated herein by reference, together with such other documents, instruments and certificates as Lender may reasonably require from time to time.

2.05 Conditions to Subsequent Advances. As a condition precedent to each Advance, in addition to all other requirements herein, Borrower must satisfy the following requirements and, if required by Lender, deliver to Lender evidence of such satisfaction:

(a) All conditions precedent to the first Advance shall have been satisfied;

(b) There shall then exist no Event of Default;

(c) The representations and warranties made in this Loan Agreement shall be true and correct on and as of the date of each Advance, with the same effect as if made on that date; and

(d) Borrower will procure and deliver to Lender, if required by Lender, releases or waivers of mechanic's liens and receipted bills showing payment to all parties who have furnished materials or services or performed labor of any kind in connection with the construction of any of the Improvements.

(e) The Title Insurance shall be endorsed and extended, if available under local rules, to cover each Advance with no additional title exceptions objectionable to Lender.

2.06 Reallocation of Approved Budget. Lender reserves the right to make Advances which are allocated to any of the designated items in the Approved Budget for such other purposes or in such different proportions as Lender may, in its sole discretion, deem necessary or advisable. Borrower may not reallocate items of cost or change the Approved Budget without the prior written consent of Lender.

2.07 No Waiver. No Advance shall constitute a waiver of any condition precedent to the obligation of Lender to make any further Advance or preclude Lender from thereafter declaring the failure of Borrower to satisfy such condition precedent to be an Event of Default.

2.08 Conditions Precedent for the Benefit of Lender. All conditions precedent to the obligation of Lender to make any Advance are imposed hereby solely for the benefit of Lender, and no other party may require satisfaction of any such condition precedent or be entitled to assume that Lender will refuse to make any Advance in the absence of strict compliance with such conditions precedent. All requirements of this Loan Agreement may be waived by Lender, in whole or in part, at any time.

2.09 Subordination. Lender shall not be obligated to make, nor shall Borrower be entitled to, any Advance until such time as Lender shall have received, to the extent requested by Lender, subordination agreements from Engineer, Contractor and all other persons furnishing labor, materials or services for the design or construction of the Improvements, subordinating to the lien of the Mortgage any lien, claim or charge they may have against Borrower or the Property.

2.10 Special Conditions to Advances. As a special condition to each Advance hereunder, Borrower shall have complied with the special conditions set forth on Exhibit "E" attached hereto and incorporated herein by reference.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF BORROWER

Borrower hereby represents and warrants as follows:

3.01 The Financial Statements. The Financial Statements are true, correct and complete as of the dates specified therein and fully and accurately present the financial condition of Borrower and, if required, of Guarantor, as of the dates specified. No material adverse change has occurred in the financial condition of Borrower or Guarantor since the dates of the Financial Statements.

3.02 Suits, Actions, Etc. There are no material actions, suits or proceedings pending or threatened in any court or before or by any Governmental Authority against or affecting Borrower, Guarantor or the Property, or involving the validity, enforceability or priority of any of the Security Instruments, at law or in equity. The consummation of the transactions contemplated hereby and the performance of any of the terms and conditions hereof and of the other Security Instruments will not result in a breach of, or constitute a default in, any mortgage, deed of trust, lease, promissory note, loan agreement, credit agreement, partnership agreement or other agreement to which Borrower or Guarantor is a party or by which Borrower or Guarantor may be bound or affected.

3.03 Valid and Binding Obligation. All of the Security Instruments and all other documents referred to herein to which Borrower or Guarantor is a party, upon execution and delivery, will constitute valid and binding obligations of Borrower and Guarantor, enforceable in accordance with their terms, except as limited by Debtor Relief Laws.

3.04 Title to the Property. Borrower holds full legal and equitable title to the Property, subject only to title exceptions set forth in a mortgagee's title policy, binder or commitment accepted by Lender.

3.05 Commencement of Construction. Prior to the recordation of the Mortgage, no work of any kind (including the destruction or removal of any existing improvements, site work, clearing, grubbing, draining or fencing the Property) shall have commenced or shall have been performed on the Property, no equipment or material shall have been delivered to or upon the Property for any purpose whatsoever, and no contract (or memorandum or affidavit thereof) for the supplying of labor, materials or services for the construction of the Improvements shall have been recorded in the mechanic's lien or other appropriate records in the county where the Property is located.

ARTICLE IV

COVENANTS AND AGREEMENTS OF BORROWER

Borrower hereby covenants and agrees as follows:

4.01 Compliance with Governmental Requirements. Borrower shall timely comply with all Governmental Requirements and deliver to Lender evidence thereof. Borrower assumes full responsibility for the compliance of the Plans and the Property with all Governmental Requirements and with sound building and engineering practices and, notwithstanding any approvals by Lender, Lender shall have no obligation or responsibility whatsoever for the Plans or any other matter incident to the Property or the construction of the Improvements.

4.02 The Construction Contract. Borrower shall become party to no contract, including the Construction Contract, for the performance of any work on the Property or for the supplying of any labor, materials or services for the construction of the Improvements except upon such terms and with such parties as shall be approved, in writing, by Lender. The Construction Contract shall provide that all liens of the Contractor are subordinate to the Mortgage and shall require all subcontracts to contain a provision subordinating the subcontractors' liens to the Mortgage. The Construction Contract shall also provide that no change orders shall be effective without the prior written approval of Lender, except for nonstructural changes which do not change the cost of construction by more than 0.2 percent (0.2%) as to any one (1) change or 0.5 percent (0.5%), in the aggregate; provided, however, that no such change shall be made which will reduce the number of Lots on the Property. No approval by Lender of any Construction Contract or change order shall make Lender responsible for the adequacy, form or content of such Construction Contracts or change orders.

4.03 Construction of the Improvements. The construction of the Improvements shall be prosecuted with diligence and continuity, in a good and workmanlike manner, and in accordance with sound building and engineering practices, all applicable Governmental Requirements, the Plans and the requirements of the Construction Loan Commitment, if applicable. Borrower shall complete construction of the Improvements on or before the Completion Date, free and clear of all liens, and shall not permit cessation of work for a period in excess of fifteen (15) consecutive days without the prior written consent of Lender, except for causes beyond the reasonable control of Borrower or Contractor, and then not more than thirty (30) days, in any event, without such consent.

4.04 Correction of Defects. Borrower shall correct, or cause to be corrected, (a) any material defect in the Improvements, (b) any material departure in the construction of the Improvements from the Plans, Governmental Requirements or the requirements of the Construction Loan Commitment, if applicable, or (c) any encroachment by any part of the Improvements or any other structure located on the Property on any building line, easement, property line or restricted area.

4.05 Storage of Materials. Borrower shall cause all materials supplied for, or intended to be utilized in, the construction of the Improvements, but not affixed to or incorporated into the Improvements or the Property, to be stored on the Property or at such other location as may be approved by Lender, in writing, with adequate safeguards, as required by Lender, to prevent loss, theft, damage or commingling with other materials or projects.

4.06 Inspection of the Property. Borrower shall permit Lender, Construction Lender, if any, any Governmental Authority and their agents and representatives to enter upon the Property and any location where materials intended to be utilized in the construction of the Improvements are stored for the purpose of inspection of the Property and such materials, at all reasonable times.

4.07 Notices by Governmental Authority, Fire and Casualty Losses, Etc. Borrower shall timely comply with and promptly furnish to Lender true and complete copies of any official notice or claim by any Governmental Authority pertaining to the Property. Borrower shall promptly notify Lender of any fire or other casualty or any notice of taking or eminent domain action or proceeding affecting the Property.

4.08 Special Account. Borrower shall maintain a special account at a bank selected by Borrower, reasonably satisfactory to Lender, into which all Advances, excluding direct disbursements made by Lender pursuant to Section 4.11 hereof, shall be deposited by Borrower and against which checks shall be drawn only for the payment of (a) costs of labor, materials and services supplied for the construction of the Improvements specified in the Approved Budget, and (b) other costs and expenses incident to the Loan, the Property and the construction of the Improvements specified in the Approved Budget.

4.09 Application of Advances. Borrower shall disburse all Advances for payment of costs and expenses specified in the Approved Budget, and for no other purpose.

4.10 The Borrower's Deposit. If Lender reasonably determines at any time that the unadvanced portion of the Loan will be insufficient for payment in full of (a) costs of labor, materials and services required for the construction of the Improvements, (b) other costs and expenses specified in the Approved Budget, and (c) other costs and expenses required to be paid in connection with the construction of the Improvements in accordance with the Plans, any Governmental Requirements or the requirements of the Construction Loan Commitment, if applicable, then Borrower shall, on request of Lender, make the Borrower's Deposit with Lender. Lender shall not be required to pay interest on such Borrower's Deposit. Lender may advance all or a portion of the Borrower's Deposit prior to any portion of the Loan proceeds. Borrower shall promptly notify Lender, in writing, if and when the cost of the construction of the Improvements exceeds, or appears likely to exceed, the amount of the unadvanced portion of the Loan and the unadvanced portion of the Borrower's Deposit.

4.11 Direct Disbursement and Application by Lender. Lender shall have the right, but not the obligation, to disburse and directly apply the proceeds of any Advance to the satisfaction of any of Borrower's obligations hereunder. Any Advance by Lender for such purpose, except Borrower's Deposit, shall be part of the Loan and shall be secured by the Security Instruments. Borrower hereby authorizes Lender to hold, use, disburse and apply the Loan and the Borrower's Deposit for payment of costs of construction of the Improvements, expenses incident to the Loan and the Property and the payment or performance of any obligation of Borrower hereunder. Borrower hereby assigns and pledges the proceeds of the Loan and the Borrower's Deposit to Lender for such purposes. Lender may advance and incur such expenses as Lender deems necessary for the completion of construction of the Improvements and to preserve ~~the~~ Property, the Construction Loan Commitment, if applicable, and any other security for the Loan; and such expenses, even though in excess of the amount of the Loan, shall be secured by the Security Instruments, and payable to Lender upon demand. Lender may disburse any portion of any Advance at any time and from time to time to persons other than Borrower for the purposes specified in this Section 4.11, irrespective of the provisions of Section 2.03 hereof, and the amount of Advances to which Borrower shall thereafter be entitled shall be correspondingly reduced.

4.12 Costs and Expenses. Borrower shall pay, when due, all costs and expenses required by this Loan Agreement, including, without limitation, (a) all taxes and assessments applicable to the Property, (b) all fees for filing or recording the Security Instruments, (c) all fees and commissions lawfully due to brokers, salesmen and agents in connection with the Loan, the Construction Loan, if applicable, or the Property, (d) all reasonable fees and expenses of counsel to Lender, (e) all title insurance and title examination charges, including the cost of the Survey, (f) all survey costs and expenses, including the cost of the Survey, (g) all premiums for the Insurance Policies, and (h) all other reasonable costs and expenses payable to third parties incurred by Lender in connection with the consummation of the transactions contemplated by this Loan Agreement.

4.13 Additional Documents. Borrower shall execute and deliver to Lender, from time to time as requested by Lender, such other documents as shall reasonably be necessary to provide the rights and remedies to Lender granted or provided for by the Security Instruments.

4.14 Inspection of Books and Records. Borrower shall permit Lender and Permanent Lender, at all reasonable times, to examine and copy the books and records of Borrower pertaining to the Loan and the Property, and all contracts, statements, invoices, bills and claims for labor, materials and services supplied for the construction of the Improvements.

4.15 No Liability of Lender. Lender shall have no liability, obligation or responsibility whatsoever with respect to the construction of the Improvements except to advance the Loan and the Borrower's Deposit pursuant to this Loan Agreement. Lender shall not be obligated to inspect the Property or the construction of the Improvements, nor be liable for the performance or default of Borrower, Engineer, the Inspecting Engineer, Contractor or any other party, or for any failure to construct, complete, protect or insure the Improvements, or for the payment of costs of labor, materials or services supplied for the construction of the Improvements, or for the performance of any obligation of Borrower whatsoever. Nothing, including, without limitation, any Advance or acceptance of any document or instrument, shall be construed as a representation or warranty, express or implied, to any party by Lender.

4.16 No Conditional Sale Contracts, Etc. No materials, equipment or fixtures shall be supplied, purchased or installed for the construction or operation of the Improvements pursuant to security agreements, conditional sale contracts, lease agreements or other arrangements or understandings whereby a security interest or title is retained by any party, or the right is reserved or accrues to any party, to remove or repossess any materials, equipment or fixtures intended to be utilized in the construction or operation of the Improvements.

4.17 Defense of Actions. Lender may (but shall not be obligated to) commence, appear in or defend any action or proceeding purporting to affect the Loan, the Property or the respective rights and obligations of Lender and Borrower pursuant to this Loan Agreement. Lender may (but shall not be obligated to) pay all necessary expenses, including reasonable attorneys' fees and expenses incurred in connection with such proceedings or actions, which Borrower agrees to repay to Lender upon demand.

4.18 Assignment of Construction Loan Commitment. As additional security for payment of the Loan, Borrower hereby transfers and assigns to Lender, to the extent assignable, the full interest of Borrower in the Construction Loan Commitment, if any, including all refundable deposits made thereunder. Borrower agrees to take and close the Construction Loan, if any, in accordance with the terms of the Construction Loan Commitment, if applicable, and prior to the expiration thereof. The Construction Loan Commitment, if any, shall not be modified without the prior written consent of Lender.

4.19 Assignment of Construction Contract. As additional security for the payment of the Loan, Borrower hereby transfers and assigns to Lender all of Borrower's rights and interests, but not its obligations, in, under and to the Construction Contract upon the following terms and conditions:

(a) Borrower represents and warrants that the copy of any Construction Contract it has furnished to Lender is a true and complete copy thereof and that Borrower's interest therein is not subject to any claim, setoff or encumbrance.

(b) Neither this assignment nor any action by Lender shall constitute an assumption by Lender of any obligations under the Construction Contract, and Borrower shall continue to be liable for all obligations of Borrower thereunder; Borrower hereby agreeing to perform all of its obligations under the Construction Contract. Borrower agrees to indemnify and hold Lender harmless against and from any loss, cost, liability or expense (including, but not limited to, reasonable attorneys' fees) resulting from any failure of Borrower to so perform.

(c) Lender shall have the right at any time (but shall have no obligation) to take, in its name or in the name of Borrower, such action as Lender may at any time determine to be necessary or advisable to cure any default under the Construction Contract or to protect the rights of Borrower or Lender thereunder. Lender shall incur no liability if any action so taken by it or in its behalf shall prove to be inadequate or invalid, and Borrower agrees to hold Lender free and harmless against and from any loss, cost, liability or expense (including, but not limited to, attorneys' fees) incurred in connection with any such action.

(d) Borrower hereby irrevocably constitutes and appoints Lender as Borrower's attorney-in-fact, in Borrower's name or in Lender's name, to enforce all rights of Borrower under the Construction Contract.

(e) Prior to an Event of Default, Borrower shall have the right to exercise its rights as Owner under the Construction Contract; provided that Borrower shall not cancel or amend the Construction Contract or do, or suffer to be done, any act which would impair the security constituted by this assignment without the prior written consent of Lender.

(f) This assignment shall inure to the benefit of Lender, its successors and assigns, including any purchaser upon foreclosure of the Mortgage, any receiver in possession of the Property and any corporation formed by or on behalf of Lender which assumes Lender's rights and obligations under this Loan Agreement.

4.20 <u>Assignment of Plans</u>. As additional security for the payment of the Loan, Borrower hereby transfers and assigns to Lender all of Borrower's right, title and interest in and to the Engineering Contract and Plans, and hereby represents and warrants to and agrees with Lender as follows:

(a) The schedule of the Plans delivered to Lender is a complete and accurate description of the Plans.

(b) The Plans are complete and adequate for the construction of the Improvements, and there have been no modifications thereof except as described in such schedule. The Plans shall not be modified without the prior written consent of Lender, except for nonstructural changes which do not change the cost of construction by more than 0.2 percent (0.2%) in any one (1) change or 0.5 percent (0.5%), in the aggregate.

(c) Lender may use the Plans for any purpose relating to the Improvements, including, but not limited to, inspection of construction and the completion of the Improvements.

(d) Lender's acceptance of this assignment shall not constitute approval of the Plans by Lender. Lender has no liability or obligation whatsoever in connection with the Plans and no responsibility for the adequacy thereof or for the construction of the Improvements contemplated by the Plans. Lender has no duty to inspect the Improvements, and if Lender should inspect the Improvements, Lender shall have no liability or obligation to Borrower arising out of such inspection. No such inspection, nor any failure by Lender to make objections after any such inspection, shall constitute a representation by Lender that the Improvements are in accordance with the Plans or constitute a waiver of Lender's right thereafter to insist that the Improvements be constructed in accordance with the Plans.

(e) This assignment shall inure to the benefit of Lender, its successors and assigns, including any purchaser upon foreclosure of the Mortgage, any receiver in possession of the Property and any corporation formed by or on behalf of Lender which assumes Lender's rights and obligations under this Loan Agreement.

4.21 Prohibition on Assignment. Borrower shall not assign or encumber any interest of Borrower hereunder without the prior written consent of Lender.

4.22 Payment of Claims. Borrower shall promptly pay, or cause to be paid when due, all costs and expenses incurred in connection with the Property and the construction of the Improvements, and Borrower shall keep the Property free and clear of any liens, charges or claims other than the lien of the Mortgage and other liens approved, in writing, by Lender. Notwithstanding anything to the contrary contained in this Loan Agreement, Borrower (a) may contest the validity or amount of any claim of any contractor, consultant, engineer or other person providing labor, materials or services with respect to the Property, (b) may contest any tax or special assessments levied by any Governmental Authority, and (c) may contest the enforcement of or compliance with any Governmental Requirements, and such contest on the part of Borrower shall not be a default hereunder and shall not release Lender from its obligations to make Advances hereunder; provided, however, that during the pendency of any such contest, Borrower shall furnish to Lender and Title Company an indemnity bond, with corporate surety satisfactory to Lender and Title Company, or other security acceptable to them, in an amount equal to the amount being contested, plus a reasonable additional sum to cover possible costs, interest and penalties; and provided further, that Borrower shall pay any amount adjudged by a court of competent jurisdiction to be due, with all costs, interest and penalties thereon, before such judgment becomes a lien on the Property.

4.23 Restrictions and Annexation. Borrower shall not impose any restrictive covenants or encumbrances upon the Property, execute or file any subdivision plat affecting the Property or consent to the annexation of the Property to any city without the prior written consent of Lender.

4.24 Advertising by Lender. Borrower agrees that during the term of the Loan, Lender may erect and maintain on the Property one (1) or more advertising signs indicating that the development financing for the Property has been provided by Lender.

4.25 Current Financial Statements. Borrower shall deliver to Lender current Financial Statements within sixty (60) days after the end of each fiscal year of Borrower, and if Borrower routinely prepares more frequent Financial Statements for interim periods, shall furnish Lender copies of such interim statements when they are prepared.

4.26 Inspection Fees. Borrower shall pay to Lender the amount set forth on Exhibit "B" hereto, if any, as inspection fees to defray a portion of the cost incurred by Lender in having its employees inspect the construction of the Improvements. Such fees shall continue to be payable until the Improvements are finally completed and shall be paid by direct advance by Lender to itself. Such fees shall be in addition to the interest on the Loan, but shall be limited so that such fees and all charges constituting interest shall not, in the aggregate, exceed the maximum amount of interest permitted by applicable law.

4.27 Tax Receipts. Borrower shall furnish Lender with receipts or tax statements marked "Paid" to evidence the payment of all taxes levied on the Property on or before thirty (30) days prior to the date such taxes become delinquent.

ARTICLE V

RIGHTS AND REMEDIES OF LENDER

5.01 Rights of Lender. Upon the occurrence of an Event of Default, Lender shall have the right, in addition to any other right or remedy of Lender, but not the obligation, in its own name or in the name of Borrower, to enter into possession of the Property; to perform all work necessary to complete the construction of the Improvements, substantially in accordance with the Plans, Governmental Requirements and the requirements of the Construction Loan Commitment, if applicable; and to employ watchmen and other safeguards to protect the Property. Borrower hereby appoints Lender as the attorney-in-fact of Borrower, with full power of substitution, and in the name of Borrower, if Lender elects to do so, upon the occurrence of an Event of Default, to (a) use such sums as are necessary, including any proceeds of the Loan and the Borrower's Deposit, make such changes or corrections in the Plans and employ such architects, engineers and contractors as may be required for the purpose of completing the construction of the Improvements, substantially in accordance with the Plans, Governmental Requirements and the requirements of the Construction Loan Commitment, if applicable, (b) execute all applications and certificates in the name of Borrower which may be required for completion of construction of the Improvements, (c) endorse the name of Borrower on any checks or drafts representing proceeds of the Insurance Policies, or other checks or instruments payable to Borrower with respect to the Property, (d) do every act with respect to the construction of the Improvements which Borrower may do, and (e) prosecute or defend any action or proceeding incident to the Property. The power-of-attorney granted hereby is a power, coupled with an interest, and irrevocable. Lender shall have no obligation to undertake any of the foregoing actions, and if Lender should do so, it shall have no liability to Borrower for the sufficiency or adequacy of any such actions taken by Lender.

5.02 Acceleration. Upon the occurrence of an Event of Default, Lender may, at its option, declare the Loan immediately due and payable, without notice of any kind.

5.03 Cessation of Advances. Upon the occurrence of an Event of Default, the obligation of Lender to disburse the Loan and the Borrower's Deposit and all other obligations of Lender hereunder shall, at Lender's option, immediately terminate.

5.04 Funds of Lender. Any funds of Lender used for any purpose referred to in this Article V shall constitute Advances secured by the Security Instruments and shall bear interest at the rate specified in the Note, to be applicable after default thereunder.

5.05 No Waiver or Exhaustion. No waiver by Lender of any of its rights or remedies hereunder, in the other Security Instruments or otherwise shall be considered a waiver of any other or subsequent right or remedy of Lender; no delay or omission in the exercise or enforcement by Lender of any rights or remedies shall ever be construed as a waiver of any right or remedy of Lender; and, no exercise or enforcement of any such rights or remedies shall ever be held to exhaust any right or remedy of Lender.

ARTICLE VI

PARTIAL RELEASE

6.01 Right to Partial Release. Subject to the provisions of Section 6.02 hereof and so long as Borrower is not in default hereunder or under any of the other Security Instruments, Lender agrees, from time to time, to make Partial Releases of one (1) or more of the Lots, the location and configuration of which shall be reasonably satisfactory to Lender, upon request by Borrower and payment, in cash, by Borrower to Lender with respect to each Lot to be released the Partial Release Price, to be applied against, first, all indebtedness relating to the Loan or secured by the Security Instruments other than principal or interest on the Note; second, accrued but unpaid interest on the Note; and, finally, the unpaid principal on the Note, until the Note and Loan have been paid in full.

6.02 Partial Release Procedures and Requirements. Any and all Partial Releases shall be in accordance with the following procedures and requirements:

(a) Borrower's request for a Partial Release shall be given to Lender and accompanied by (i) the legal description of the Lot or Lots to be released, and (ii) information necessary to process the request for Partial Release, including the name and address of the Title Company, if any, to whose attention the Partial Release should be directed, numbers that should be referenced (order number, loan number, etc.) and the date when such Partial Release is to be made. Borrower shall also specify the name and address of the prospective purchaser and the intended use of the Lot to be released and shall supply such other documents and information concerning such Partial Release as Lender may reasonably request.

(b) After receipt of such request, and in accordance with and pursuant to the terms and conditions of this Article VI, Lender shall execute and deliver a Partial Release of Lien to the Title Company so specified; provided that all costs and expenses of Lender associated with such Partial Release (including but not limited to, reasonable legal fees) shall be paid by Borrower. Borrower shall also obtain all Title Insurance endorsements reasonably required by Lender in connection with such Partial Release.

(c) Any and all such Partial Releases shall not otherwise affect Borrower's obligations hereunder or under any other Security Instrument. Regardless of the time such Partial Release of Lien is executed, delivered and recorded, the payment of the Partial Release Price shall be credited against the Note or other indebtedness relating to the Loan or secured by the Security Instruments only upon receipt by Lender of the Partial Release Price, and the receipt by Lender or Lender's agent of the Partial Release Price may be required as a condition to the delivery and recordation of the Partial Release of Lien evidencing such Partial Release.

(d) No Partial Release, or any combination of Partial Releases, shall be required to be made by Lender if, in Lender's judgment, such Partial Release or Partial Releases will or may materially decrease the value of any unreleased Lot or Lots or of the unreleased portion of the Property, or if such Partial Release or Partial Releases will result in any unreleased Lot being without access to a public street.

ARTICLE VII

GENERAL TERMS AND CONDITIONS

7.01 Notices. All notices, demands, requests and other communications required or permitted hereunder shall be in writing and shall be deemed to have been given when presented personally or deposited in a regularly maintained receptacle for the United States Postal Service, postage prepaid, registered or certified, return receipt requested, addressed to Borrower or Lender, as the case may be, at the respective addresses set forth on the first page of this Loan Agreement, or such other address as Borrower or Lender may from time to time designate by written notice to the other as herein required.

7.02 Modifications. No provision of this Loan Agreement or the other Security Instruments may be modified, waived or terminated except by instrument, in writing, executed by the party against whom a modification, waiver or termination is sought to be enforced.

7.03 Severability. In case any of the provisions of this Loan Agreement shall, for any reason, be held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Loan Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

7.04 Election of Remedies. Lender shall have all of the rights and remedies granted in the Security Instruments and available at law or in equity, and these same rights and remedies shall be cumulative and may be pursued separately, successively or concurrently against Borrower, Guarantor or any property covered under the Security Instruments, at the sole discretion of Lender. The exercise or failure to exercise any of the same shall not constitute a waiver or release thereof or of any other right or remedy, and the same shall be non-exclusive.

7.05 Form and Substance. All documents, certificates, insurance policies and other items required under this Loan Agreement to be executed and/or delivered to Lender shall be in form and substance satisfactory to Lender.

7.06 Controlling Agreement. All agreements between Borrower and Lender, whether now existing or hereafter arising, and whether written or oral, are hereby limited so that in no event shall the interest paid, or agreed to be paid, to Lender for the use, forbearance or detention of the money to be loaned pursuant to this Loan Agreement or for the performance or payment of any covenant or obligation contained herein exceed the maximum amount permissible under applicable law. If from any circumstances whatsoever fulfillment of any provision hereof or of any other document evidencing, securing or pertaining to the Loan, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then *ipso facto*, the obligation to be fulfilled shall be reduced to the limit of such validity; and if from any such circumstances Lender shall ever receive anything of value deemed interest under applicable law which would exceed interest at the highest lawful rate, the excessive interest shall be applied to the reduction of the principal amount owing under the Note and not to the payment of interest; or if the excessive interest exceeds the unpaid balance of principal of the Note, such excess shall be refunded to Borrower. All sums paid or agreed to be paid to Lender for the use, forbearance or detention of the indebtedness evidenced hereby shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the rate of interest on account of such indebtedness is uniform throughout the term thereof. This section shall control all agreements between Borrower and Lender.

7.07 No Third Party Beneficiary. This Loan Agreement is for the sole benefit of Lender and Borrower, and is not for the benefit of any third party.

7.08 Number and Gender. Whenever used herein, the singular number shall include the plural and the singular, and the use of any gender shall be applicable to all genders. The duties, covenants, obligations and warranties of Borrower in this Loan Agreement shall be joint and several obligations of Borrower, and of each Borrower, if more than one.

7.09 Captions. The captions, headings and arrangements used in this Loan Agreement are for convenience only and do not in any way affect, limit, amplify or modify the terms and provisions hereof.

7.10 Applicable Law. This Loan Agreement and the Security Instruments shall be governed by and construed in accordance with the laws of the State of Nevada and the laws of the United States applicable to transactions within such State.

EXECUTED AND DELIVERED on the date first recited.

LENDER:

THE LOMAS & NETTLETON COMPANY
A Connecticut Corporation

By: ______________________
Thomas Cone, Assistant
Vice President

Address:

2001 Bryan Tower
Suite 3600
Dallas, Texas 75201

BORROWER:

A. G. & H. ENTERPRISES, INC.
A California Corporation

By: [signature]
President

Address:

310 North Cota
Suite "N"
Corona, California 91720

EXHIBIT "B"

DOCUMENTS, CERTIFICATES AND OTHER ITEMS REQUIRED

ATTACHED TO AND INCORPORATED BY REFERENCE
IN THAT CERTAIN LOAN AGREEMENT
DATED OCTOBER _____, 1980

1. The Loan Finance Charge in the amount of $-0-, in cash;

2. The Note;

3. The Mortgage;

4. The Guaranty;

5. Subordination of all leases or liens affecting the Property;

6. The Title Insurance;

7. The Construction Contract;

8. The Consent of Contractor to the Assignment of the Construction Contract;

9. The Engineering Contract, if in writing;

10. The Plans;

11. Consent of Engineer to the Assignment of the Plans;

12. The Survey;

13. Financing Statements (Form UCC-1) with respect to the security interest granted in the Security Instruments, together with evidence of the priority of the respective security interests perfected thereby;

14. Financial Statements;

15. Inspection fee in the amount of $900.00, to be prepaid at closing;

16. Evidence of approval of the Plans by Construction Lender, if applicable, and any necessary Governmental Authority;

17. Building permit and all other permits required by the Governmental Requirements with respect to the construction and development of the Property;

18. Evidence of Borrower's compliance with or satisfaction of all conditions applicable to any leases affecting the Property;

19. Evidence that all applicable zoning ordinances or restrictive covenants affecting the Property permit the use for which the Property is intended and have been or will be complied with;

20. Evidence of the Property's compliance with the requirements of all applicable "environmental protection" laws, rules and regulations, whether federal, state or municipal;

21. Evidence that all of the streets providing access to the Property either have been dedicated to public use or established by private easement, duly recorded in the records of the County in which the Property is located, and have been fully installed and accepted by Governmental Authority, that all costs and expenses of the installation and acceptance thereof have been paid in full and that there are no restrictions on the use and enjoyment of such streets that adversely affect, limit or impair Borrower's ability to develop and construct the Property or operate the Property for the purposes and in the manner represented to Lender;

22. Evidence of the availability of all utilities to the Property, including specifically, but without limitation, gas, electricity, storm and sanitary sewer, water and telephone services;

23. Evidence of Borrower's compliance with or exemption from the requirements of the Interstate Land Sales Full Disclosure Act (the "Act"), 15 U.S.C., Section 1701, et. seq. Lender may refuse to grant a Partial Release with respect to any portion of the Property until Borrower presents evidence satisfactory to Lender that such portion will not be sold or leased by Borrower in violation of the Act;

24. Evidence that all necessary action on the part of Borrower has been taken with respect to the execution and delivery of this Loan Agreement, and the consummation of the transactions contemplated hereby, so that this Loan Agreement and all Security Instruments to be executed and delivered by or on behalf of Borrower will be valid and binding upon Borrower or the person or entity executing and delivering such document. Such evidence shall include, at the option of Lender, a legal opinion of Borrower's and Guarantor's respective legal counsel confirming such authority, validity and binding effect, confirming that neither the Loan nor any of the financing arrangements contemplated by this Loan Agreement violate the usury laws of the State of Nevada, or any other applicable jurisdiction, and covering such other matters as Lender may require;

25. A flood insurance policy, or binder therefor, if reasonably required by Lender, in an amount equal to the outstanding principal amount of the Loan, or the maximum amount available under the Flood Disaster Protection Act of 1973 and regulations issued pursuant thereto (the "Act"), whichever is less, in form complying with the "insurance purchase requirement" of the Act;

26. The Insurance Policies or Certificates of such Insurance Policies;

27. Breakdown of all costs and expenses required to complete development and construction of the Property, in detail and in amount acceptable to Lender;

28. Application for Advance;

29. Certified Articles of Incorporation, By-Laws and, if applicable, Authority to Transact Business in Nevada of Borrower;

30. Certificates of existence of and payment of franchise taxes by the Borrower from the appropriate officer of the state of incorporation;

31. Certified resolutions of the Board of Directors of Borrower, authorizing such corporation to execute the Security Instruments and perform its obligations thereunder;

32. Assumed Name Certificate for Borrower;

33. The Construction Loan Commitment;

34. Evidence of Borrower's compliance with, or satisfaction of, all conditions applicable to the Construction Loan Commitment, if applicable, capable of compliance or satisfaction on the date hereof;

35. Form ASP-9 from the Department of Housing and Urban Development.

EXHIBIT "C"

APPROVED BUDGET

ATTACHED TO AND INCORPORATED BY REFERENCE
IN THAT CERTAIN LOAN AGREEMENT
DATED OCTOBER ______, 1980

Allocations	Amounts	Amounts
Land Allocation		$ 398,920.00
Interest Allocation		200,000.00
Development Allocation:		
Engineering	$ 102,930.00	
Electrical Underground Utilities	80,300.00	
Water	183,230.00	
Sanitary and Storm Sewer	139,575.00	
Clearing and Grading	173,740.00	
Street Lights	81,760.00	
Paving, Curbing and Walks	224,256.00	
Walls	45,260.00	
Barricades	1,898.00	
City Fees	11,680.00	
Soil Tests	18,250.00	
SUBTOTAL:	$ 1,070,080.00	1,070,080.00
Closing Costs, Legal Fee and Tax Allocation		10,000.00
General and Administrative Allocation		73,000.00
Contingency Allocation		7,300.00
TOTAL LOAN:		$ 1,752,000.00

The entire proceeds of the Land Allocation shall be fully disbursed to or at the direction of the Borrower at the Closing to pay a portion of the purchase price to be paid by Borrower to acquire the real property upon which the Project will be constructed.

The proceeds of the Interest Allocation shall be disbursed to pay accrued but unpaid interest on account of the Loan. At Lender's option, without notice to or demand on Borrower, on the first day of each month an amount equal to the then accrued interest may be charged by journal entry against the Interest Allocation. When the Interest Allocation has been thus fully disbursed, all interest on account of the Loan shall thereafter be paid when due by the Borrower, in cash.

The proceeds of the Development Allocation shall be disbursed by Lender to Borrower after commencement of work hereunder, for development and construction work done during the preceding period or part thereof in the amount of the total of the purchase price of uninstalled materials stored on the Property in a manner acceptable to Lender, plus the cost of the portions of the development and construction work acceptably completed, as approved by Lender, less an amount equal to any retainage or "holdbacks" with respect to each advance not to be paid to the Contractor or any appropriate subcontractors, as certified by Borrower to Lender, less prior advances, and less costs, if any, that the Borrower is obligated to pay hereunder.

The proceeds of the Closing Costs, Legal Fee and Tax Allocation shall be disbursed by Lender to pay the fees and disbursements of Lender's legal counsel and the other costs and expenses of closing the Loan, including specifically, but without limitation, the Title Policy premiums, escrow and recording fees and the fees and disbursements of Borrower's legal counsel, and to pay current taxes on the Property as such taxes become due and payable; provided, however, that Lender may, at its option, disburse portions of the Tax Allocation prior to the time any taxes become due and payable for the purpose of enabling Borrower to obtain any discounts or other benefits of prepayment of taxes allowed by any applicable taxing authority.

The proceeds of the General and Administrative Allocation shall be disbursed in monthly increments of FOUR THOUSAND FIVE HUNDRED SIXTY-THREE AND NO/100 DOLLARS ($4,563.00) each, on the first day of each month, commencing on the first day of the month next following the month in which Lender determines that the work of development and construction of the Project has actually commenced on-site, and continuing until and including April 1, 1982. In no event shall the aggregate of disbursements under the General and Administrative Allocation exceed the sum of SEVENTY-THREE THOUSAND AND NO/100 DOLLARS ($73,000.00).

The proceeds of the Contingency Allocation shall be disbursed by Lender from time to time, as Lender may determine, for any purpose or use approved by Lender in connection with the development and construction of the Project.

To the extent that Loan proceeds disbursed by Lender pursuant to the Allocations set forth herein are insufficient to pay all costs required for completion of the Project, Borrower shall pay such excess costs with funds derived from sources other than the Loan. Lender reserves the right, at its option, to disburse Loan proceeds allocated to any of the above-designated Allocations for such other purposes or in such different proportions as Lender may, in its sole discretion, deem necessary or advisable.

In the event the cost to complete any portion of the Project for which Loan proceeds are allocated are less than the amount of such Allocations, Borrower may request a redistribution of such excess to pay other costs, and Lender may, at its sole election, so redistribute such excess Loan proceeds.

EXHIBIT "D"

ATTACHED TO AND INCORPORATED BY REFERENCE
IN THAT CERTAIN LOAN AGREEMENT
DATED OCTOBER _____, 1980

1. The Engineer: ____
____
____.

2. The Completion Date: March 1, 1982.

3. The Contractor(s): Borrower shall act as its own contractor.

4. The Guarantor(s): GAIL W. SPONSELLER and RUTH SPONSELLER, both California residents.

5. The Improvements: A one hundred forty-six (146) lot single-family residential subdivision development, with related facilities and amenities, and being FHA/VA approved.

6. The Inspecting Engineers: _________________________________
____
____.

7. The Construction Lender: THE LOMAS & NETTLETON COMPANY, 2001 Bryan Tower, Suite 3600, Dallas, Texas 75201.

8. Construction Loan Commitment: That certain agreement between Borrower and the Construction Lender for the financing of the construction of single-family residential dwellings on the Property.

9. The Title Company: _______________________________________
____
____.

10. Partial Release Price: FOURTEEN THOUSAND FOUR HUNDRED AND NO/100 DOLLARS ($14,400.00).

11. Retainage to be deducted from Advance: Ten percent (10%).

12. Frequency of Advances: Monthly.

13. The Survey Requirements:

(a) Field Note Description. The Survey should contain a certified metes and bounds description and should comply with the following requirements:

(i) The beginning point should be established by a monument located at the beginning point or by reference to a nearby monument;

(ii) The sides of the Property should be described by giving the distances and bearings of each;

(iii) The distances, bearings and angles should be taken from a recent instrument survey, or recently recertified instrument survey, by a licensed Professional Engineer or Registered Surveyor;

(iv) Curved sides should be described by data including: length of arc, central angle, radius of circle for the arc and chord distance and bearing;

(v) The legal description should be a single perimeter description of the entire property;

(vi) The description should include a reference to all streets, alleys and other rights-of-way that abut the Property surveyed, and the width of all rights-of-way mentioned should be given the first time these rights-of-way are referred to; and

(vii) If the Property surveyed has been recorded on a map or plat as part of an abstract or subdivision, reference to such recording data should be made.

(b) Lot and Block Description. If the Property is included within a properly established recorded subdivision or addition, then a lot and block description will be an acceptable substitute for a metes and bounds description, provided that the lot and block description must completely and properly identify the name or designation of the recorded subdivision or addition and give the recording information therefor.

(c) Map or Plat. The Survey should also contain a certified map or plat showing the following:

(i) The plot to be covered by the Mortgage.

(ii) The relation of the point of beginning of said plot to the monument from which it is fixed.

(iii) All easements showing recording information therefor by volume and page.

(iv) The established building line, if any.

(v) All easements appurtenant to said plot.

(vi) The boundary line of the street or streets abutting the plot and the width of said streets.

(vii) Encroachments and the extent thereof in terms of distance upon said plot or any easement appurtenant thereto.

The Survey should also contain all structures and improvements on said plot with horizontal lengths of all sides and the relation thereof by distances to (a) all boundary lines of the plot, (b) easements, (c) established building lines, and (d) street lines.

(d) Certification. The certification for the Property description and the map or plat should be addressed to Lender (and to the interested title company, if required by the title company), signed by the surveyor, bearing current date, registration number and seal, and should be in the following form or its substantial equivalent:

> The undersigned hereby certifies to Lender that this survey (i) was made on the ground as per the field notes shown hereon and correctly shows the boundary lines and dimensions and area of the land indicated hereon and each individual parcel thereof indicated hereon, (ii) correctly shows the location of all buildings, structures and other improvements, and visible items on the subject property,

and (iii) correctly shows the location and dimensions of all alleys, streets, roads, rights-of-way, easements and other matters of record of which the undersigned has been advised affecting the subject property according to the legal description in such easements and other matters (with instrument, book and page number indicated); and, except as shown, there are no visible easements, rights-of-way, party walls or conflicts, and there are no visible encroachments on adjoining premises, streets or alleys by any of said buildings, structures or other improvements, and there are no visible encroachments on the subject Property by buildings, structures or other improvements situated on adjoining premises; and the distance from the nearest intersecting street and road is as shown hereon.

EXHIBIT "E"

SPECIAL CONDITIONS TO ADVANCES

ATTACHED TO AND INCORPORATED BY REFERENCE
IN THAT CERTAIN LOAN AGREEMENT
DATED OCTOBER _____, 1980

1. Borrower shall have presented to Lender a certified copy of the duly recorded plat of subdivision accepted and approved by every Governmental Authority having jurisdiction over the Property and all utility companies whose service is required for the Property's proposed use.

2. Borrower shall have presented to Lender copies of all contracts for development work on the Property.

3. Borrower shall not be entitled to receive, and Lender shall not be obligated to disburse, any portion of the Loan, except for the Land Allocation, until Borrower shall have fully complied with the provisions of Paragraphs 1 and 2 above.

EXHIBIT "D"

SUBDIVISION COST SHEET

BOND & FEES FORM

SUBDIVISION WASHINGTON SQUARE #7 ACRES: 33.65

No. of Lots (in Subdivision) 146 Calculated by: JWH (DELTA) Ck. by Kent Marsh 9-12-80

ITEM	DESCRIPTION	QUANTITY	UNIT PRICE	COST
1	2" A.C. Paving & 4" Type II Gravel Base	25,480 S.Y.	3.20 S.Y.	81,536.00
2	3¾" A.C. Paving & 4" Type II Gravel Base	3,250 S.Y.	4.05 S.Y.	13,162.50
3	Type I Gravel Base	5,420 C.Y.	3.45 C.Y.	18,699.00
4	Excavation	25,000 C.Y.	1.75 C.Y.	43,750.00
5	Embankment	— C.Y.	1.75 C.Y.	—
6	Curb & Gutter	11,840 L.F.	2.85 L.F.	33,744.00
7	9 Concrete Valley Gutters	5,210 S.F.	2.35 S.F.	12,243.50
8	4" Concrete Sidewalk	50,740 S.F.	1.75 S.F.	88,795.00
9	Light Standard	48 Ea.	1,260.00 Ea.	60,480.00
10	Street Signs	15 Ea.	80.00 Ea.	1,200.06
11	Stop Signs	3 Ea.	80.00 Ea.	240.00
12	Sewer, 4" V.C.P.	4,575 L.F.	5.15 L.F.	23,561.25
13	Sewer, 8" V.C.P.	3,650 L.F.	9.75 L.F.	35,587.50
14	Sewer, 10" V.C.P.	— L.F.	12.00 L.F.	—
15	Sewer	— L.F.	L.F.	—
16	Manholes	14 Ea.	685.00 Ea.	9,590.00
17	Water Main, 6" A.C.P.	2,375 L.F.	7.45 L.F.	17,693.75
18	Water Main, 8" A.C.P.	3,220 L.F.	9.75 L.F.	31,395.00
19	Water Main, 10" A.C.P.	860 L.F.	12.00 L.F.	10,320.00
20	Water Main, 12" A.C.P.	— L.F.	14.50 L.F.	—
21	Water Main, 16" A.C.P.	— L.F.	19.00 L.F.	—
22	Water Main	— L.F.	L.F.	—
23	Fire Hydrants	12 Ea.	1,030.00 Ea.	12,360.00
24	Water Services (3/4")	146 Ea.	150.00 Ea.	21,900.00
25	Power to Lots	146 Ea.	115.00 Ea.	16,790.00
26	Survey Monuments	LUMP SUM	Lump Sum	4,500.00
27	Misc. Trenching	40 L.F.	5.00 L.F.	200.00
28	Driveways	18,192 S.F.	3.00 S.F.	54,576.00
29				
30				
31				
32				

* INSPECTION FEES		
		$5 Min. or
First $25,000	500.00	2.0%
Next $75,000	1125.00	1.5%
Over $100,000	6154.04	1.25%
Plan Check ($25 Min)	2,961.62	0.5%
Subdiv. Final Map Plan Check	176.00	$30.+$1. Ea. lot
TOTAL FEES	$ 10,916.66	

ESTIMATED CONSTRUCTION COSTS	592,323.50
Contingencies (+10%)	59,232.50
TOTAL AMOUNT OF BOND	$ 651,556.00

* Fees are based on the estimated construction cost and are payable to the City of Las Vegas.

NOTE: This is a preliminary cost estimate, based on tentative designs, specific field conditions have not been considered, and this cost estimate should not be used as a basis for contracts or bids. These estimated costs may be revised as needed by the Department of Public Services staff when field conditions or size of project warrants same.

Submitted by: EDMUND J. WOCJIK Date 7-21-80

Revised 12/12/79

EXHIBIT "E"

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CONSOLIDATED INCOME
LOMAS & NETTLETON FINANCIAL CORPORATION AND SUBSIDIARIES

	Year Ended June 30 1980	1979
REVENUES		
Mortgage servicing fees and related income	$ 76,298,599	$ 51,030,225
Interest and financing charges	17,654,778	10,653,103
Management fees	3,270,878	2,594,537
Industrial radiography	11,385,449	10,477,532
Sale of investments, dividends and other	10,784,098	7,412,287
	119,393,802	82,167,684
EXPENSES		
Mortgage servicing	54,571,588	36,591,771
Related to management fees	2,496,395	2,259,550
Industrial radiography	10,432,166	9,845,652
Other operating expenses	2,932,362	827,613
Interest on long-term debt	8,836,423	4,326,206
Other interest	13,937,344	7,888,380
General and administrative	3,709,008	2,749,810
State income and franchise taxes	704,486	677,914
Provision for possible losses	1,500,000	1,600,000
Amortization of debt expense	246,521	419,809
	99,366,293	67,186,705
Income Before Federal Income Taxes	20,027,509	14,980,979
Federal income taxes:		
Current	6,910,297	5,255,880
Deferred (credit)	(110,297)	199,120
	6,800,000	5,455,000
Net Income	$ 13,227,509	$ 9,525,979
Net income per common and common equivalent share	$ 2.54	$ 1.71
Net income per share assuming full dilution	$ 2.00	$ 1.41
Average number of common and common equivalent shares	5,208,416	5,576,269
Average number of common shares assuming full dilution	7,200,693	7,698,787
Cash dividends paid per share	$ 1.00	$ .74½

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEET
LOMAS & NETTLETON FINANCIAL CORPORATION AND SUBSIDIARIES

	June 30 1980	June 30 1979
ASSETS		
Cash	$ 14,346,599	$ 9,075,743
First mortgage loans held for sale	205,028,920	177,930,989
Notes and accounts receivable	206,976,728	115,841,168
Investments	130,006,491	108,964,826
Foreclosed real estate and investment in related entity holding foreclosed properties	13,533,939	11,589,955
	350,517,158	236,395,949
Less allowance for possible losses	(7,146,301)	(2,788,623)
	343,370,857	233,607,326
Fixed assets — at cost — less accumulated depreciation and amortization of $5,654,421 in 1980 and $6,707,796 in 1979	6,102,730	5,417,112
Prepaid expenses and other assets	6,554,254	6,853,777
Cost of purchased future servicing income	46,652,286	16,427,418
Mortgage servicing contracts and goodwill	11,224,812	11,431,328
Unamortized debt expense	1,093,272	1,339,792
	$634,373,730	$462,083,485
Escrow, agency and fiduciary funds (segregated in separate bank accounts and excluded from corporate assets and liabilities) — see contra	$216,008,899	$148,313,524

	June 30 1980	June 30 1979
LIABILITIES AND STOCKHOLDERS' EQUITY		
Notes payable	$441,747,339	$318,415,752
Accounts payable and accrued expenses	14,523,835	11,560,804
Federal income taxes payable	2,516,500	—
Deferred federal income taxes	3,870,294	3,190,153
Term Notes — due in 1986	42,003,000	—
9½% Subordinated Note — due in 1988	22,500,000	29,323,420
5½% Convertible Subordinated Debentures — due in 1991	38,424,000	38,860,000
Stockholders' Equity:		
Preferred Stock, par value $10		
Authorized 1,000,000 shares —		
Issued and outstanding — none		
Common Stock, par value $2		
Authorized 15,000,000 shares		
Issued — 6,880,369 in 1980 and		
6,773,746 in 1979		
Oustanding (net of treasury stock) —		
5,192,769 in 1980 and		
5,086,146 in 1979	13,760,738	13,547,492
Other paid-in capital	38,058,153	36,929,418
Retained earnings	47,558,928	39,480,503
Unrealized loss on marketable equity securities (deduction)	(1,365,000)	—
Treasury stock, 1,687,600 shares, at cost (deduction)	(29,224,057)	(29,224,057)
	68,788,762	60,733,356
	$634,373,730	$462,083,485
Liability for escrow, agency and fiduciary funds — see contra	$216,008,899	$148,313,524

See notes to consolidated financial statements.

AGREEMENT IN LIEU OF BOND

THIS AGREEMENT, made and entered into as of the 14th day of October, 1980, by and between A. G. & H. ENTERPRISES, INC., a California corporation, hereinafter referred to as the SUBDIVIDER; and the CITY OF LAS VEGAS, NEVADA, a municipal corporation, hereinafter referred to as the CITY; and THE LOMAS & NETTLETON COMPANY, a Connecticut corporation, hereinafter referred to as the FINANCIAL INSTITUTION.

W I T N E S S E T H :

WHEREAS, the SUBDIVIDER has agreed to do and perform certain work consisting of the construction of off-site improvements in the subdivision described on Exhibit "A" attached hereto and incorporated herein by this reference, as currently required by the CITY's Municipal Code, including, but not limited to, water and sewer systems, street lighting and electrical and telephone systems, in accordancae with that certain Agreement between the SUBDIVIDER and the CITY marked Exhibit "B" attached hereto and by this reference made a part hereof; and

WHEREAS, in said Subdivision Agreement, the SUBDIVIDER agreed to execute a Surety and Performance Bond in favor of the CITY, securing to the CITY the faithful performance of all of the terms and conditions thereon on the SUBDIVIDER's part to be performed; and

WHEREAS, the appropriate ordinances of the CITY provide that, in lieu of said Surety and Performance Bond, SUBDIVIDER may make a cash deposit, equal in amount to such Surety and Performance Bond which would otherwise be required, in an acceptable financial institution, provided that a proper agreement is entered into by and between the SUBDIVIDER, the CITY and the FINANCIAL INSTITUTION; and

WHEREAS, the SUBDIVIDER desires to arrange for cash disbursements controlled by the CITY in lieu of the aforesaid Surety and Performance Bond or cash deposit, and the CITY desires to accept such arrangement in satisfaction of the SUBDIVIDER's obligation to provide such bond.

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

1. The SUBDIVIDER hereby represents that the FINANCIAL INSTITUTION has immediate access to unrestricted funds in the amount of SIX HUNDRED FIFTY-ONE THOUSAND FIVE HUNDRED FIFTY-SIX DOLLARS ($651,556.00), being a portion of the Loan to be disbursed by the FINANCIAL INSTITUTION pursuant to the Loan Agreement between SUBDIVIDER and FINANCIAL INSTITUTION, a true photocopy of which is attached hereto as Exhibit "C" and incorporated herein by reference. That portion of the Loan (the "Development Allocation") in the aforesaid sum shall be used for payment or reimbursement of the work, labor and material costs and expenses as listed on the Subdivision Cost Sheet attached hereto as Exhibit "D" and incorporated herein by reference. By its execution hereof, the FINANCIAL INSTITUTION hereby verifies that said Development Allocation has been established and that the aforesaid sum is available for immediate disbursement in accordance with the terms of said Loan Agreement.

2. Proceeds of the Development Allocation may be disbursed only upon Requests for Advances signed jointly by the Treasurer of the CITY and by some person designated by the SUBDIVIDER, subject to the terms of said Loan Agreement.

3. It is agreed that progress payments will be disbursed to the SUBDIVIDER from time to time out of said Development Allocation as the work on said improvements progresses; and the Treasurer of the CITY, upon written notice from the City Engineer stating the percentage of the work completed and the amount to be paid therefor, shall sign a Request for Advance to the above FINANCIAL INSTITUTION for disbursement of funds in the amount stated in such notice from the City Engineer; provided, however, that there shall be at all times a twenty-five percent (25%) retention of said funds in said account until all of the off-site improvements called for in said Subdivision Agreement have been completed and accepted by the CITY.

4. In the event said off-site improvements are not completed to the satisfaction of the CITY within the time prescribed in said Subdivision Agreement for the completion of the off-site improvements and the CITY desires to complete said improvements, the CITY shall serve upon the SUBDIVIDER and upon the FINANCIAL INSTITUTION written notice of such default and the City's intention to complete the improvements, and thereafter, Requests for Advances of proceeds of the Development Allocation shall be valid and binding and shall be honored by the FINANCIAL INSTITUTION upon the sole signature of the Treasurer of the CITY. SUBDIVIDER hereby expressly consents to such disbursements by FINANCIAL INSTITUTION directly to the CITY in accordance with the provisions of this Agreement.

5. It is acknowledged by the SUBDIVIDER that the sum provided for in Paragraph 1 above is based upon the estimated cost of the improvements called for in said Subdivision Agreement. It is understood and agreed that in the event the actual cost of said improvements shall exceed such sum, the SUBDIVIDER is in no way relieved by this Agreement from the obligation of paying the amount of such excess; provided, however, that in no event shall FINANCIAL INSTITUTION be obligated to disburse in excess of the sum of SIX HUNDRED FIFTY-ONE THOUSAND FIVE HUNDRED FIFTY-SIX AND NO/100 DOLLARS ($651,556.00) in payment of such costs.

6. It is understood and agreed that the Development Allocation is a security interest and that the CITY's claim to said funds may, subject to applicable law, be prior to that of any creditor, referee, receiver or trustee in the event of insolvency or bankruptcy; and that in such event, said funds shall not be administered by any receiver, referee or trustee, but shall be paid and disbursed according to the terms of this Agreement.

7. Upon final acceptance by the Board of Commissioners of the CITY of all the off-site improvements called for in said Subdivision Agreement, this Agreement shall become null and void and of no further force or effect, without the need for any other action by the parties hereto.

8. LOMAS & NETTLETON FINANCIAL CORPORATION ("LNFC"), a Delaware corporation, by its execution hereof, warrants and represents to the CITY that FINANCIAL INSTITUTION is a wholly-owned subsidiary of LNFC; that the financial statements of FINANCIAL INSTITUTION are consolidated with those of LNFC; and that the consolidated financial statements attached hereto as Exhibit "E" are true and correct as of the date thereof. LNFC hereby guarantees to the CITY the availability of immediate funds to satisfy the obligations of FINANCIAL INSTITUTION to disburse

the proceeds of the Development Allocation in accordance with the terms and provisions of said Loan Agreement and this Agreement.

9. This Agreement and all of the provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto, their respective heirs, legal representatives, successors and assigns.

10. This Agreement, and all questions concerning the execution, validity or invalidity, capacity of the parties and the performance of the provisions of this Agreement, shall be interpreted and construed in accordance with the laws of the State of Nevada.

11. By the execution of this Agreement, the parties hereto are deemed to consent to the jurisdiction of the courts of the State of Nevada. It is agreed by the parties hereto that any action or suit instituted under or upon the provisions of this Agreement must be filed in the state or federal court of the State of Nevada.

IN WITNESS WHEREOF, the parties hereto have executed, or have caused to be executed by their duly authorized representatives, this Agreement, in triplicate, the day and year first above written.

SUBDIVIDER:

A. G. & H. ENTERPRISES, INC.
A California Corporation

By: [signature]
President

CITY OF LAS VEGAS, NEVADA
A Municipal Corporation
CAROL ANN HAWLEY, CITY CLERK

By: Maureen A. Parco
MAUREEN A. PARCO, DEPUTY CITY CLERK

RSS By William H. Briare
City Mayor

FINANCIAL INSTITUTION:

THE LOMAS & NETTLETON COMPANY
A Connecticut Corporation

By: Thomas Cone
Thomas Cone, Assistant Vice President

LOMAS & NETTLETON FINANCIAL CORPORATION
A Delaware Corporation

By: [signature]
Title: C.E.O.

STATE OF NEVADA §
§
COUNTY OF CLARK §

BEFORE ME, the undersigned authority, on this day personally appeared GAIL W. SPONSELLER, the ______ President of A. G. & H. ENTERPRISES, INC., a California corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and as the act and deed of said corporation, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 14th day of October, 1980.

Notary Public — State of Nevada
CLARK COUNTY
SUE W. LITWILLER
My Appointment Expires FEB. 5, 1984

Sue W. Litwiller
Notary Public in and for
CLARK County, NEVADA

[S E A L]

My Commission Expires:
____

STATE OF NEVADA §
§
COUNTY OF Clark §

BEFORE ME, the undersigned authority, on this day personally appeared Maureen A. Parco and William H. Briare, the ~~City~~ Deputy Clerk and City Mayor, respectively, of CITY OF LAS VEGAS, NEVADA, a municipal corporation, known to me to be the persons and officers whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed, and as the act and deed of said municipal corporation, and in the capacities therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 22nd day of October, 1980.

NOTARY PUBLIC
Monice P. Keller
STATE OF NEVADA
COUNTY OF CLARK
MY APPOINTMENT EXPIRES
January 23, 1984

Monice P. Keller
Notary Public in and for
Clark County, Nevada

[S E A L]

My Commission Expires:
January 23, 1984

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared THOMAS CONE, the Assistant Vice President of THE LOMAS & NETTLETON COMPANY, a Connecticut corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and as the act and deed of said corporation, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 10th day of October, 1980.

Notary Public, State of Texas
County of Dallas

[S E A L]

NOTARY PUBLIC STATE OF TEXAS

My Commission Expires:

J. RICHARD WHITE
Notary Public, State of Texas
My Commission Expires: May 24, 1984

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared JESS HAY, the Chief Executive Officer of LOMAS & NETTLETON FINANCIAL CORPORATION, a Delaware corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and as the act and deed of said corporation, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 10th day of October, 1980.

Notary Public, State of Texas
County of Dallas

[S E A L]

NOTARY PUBLIC STATE OF TEXAS

My Commission Expires:

J. RICHARD WHITE
Notary Public, State of Texas
My Commission Expires: May 24, 1984

EXHIBIT "A"

<u>SUBDIVISION</u>

EXHIBIT "A"

Lots 249 through 270 in Block 1;

Lots 271 through 291 in Block 2;

Lots 292 through 315 in Block 3;

Lots 320 and 348 in Block 4;

Lots 349 through 351 in Block 5;

Lots 352 through 369 in Block 6;

Lots 370 through 394 in Block 7 and

Lots 316 through 319 in Block 8, all in WASHINGTON SQUARE UNIT NO. 7, as shown by map thereof on file in Book ____ of plats, page ____ , in the Office of the County Recorder of Clark County, Nevada.

EXHIBIT "B"

AGREEMENT

SUBDIVISION AGREEMENT

(A) THIS AGREEMENT made and entered into this 7th day of October, 19 80, by and between AG&H ENTERPRISES, INC. ~~310 North Cota Suite "N" Corona, California 91720~~ hereinafter referred to as "Subdivider", and the City of Las Vegas, Clark County, Nevada, a municipal corporation, hereinafter referred to as "City"

WITNESSETH:

(B) THAT, WHEREAS, at a meeting held by the City Planning Commission of Las Vegas, Nevada, on November 27, 19 79, the said Commission conditionally approved a tentative map of the premises known as Washington Square Unit #7 located in Las Vegas and recommended its approval by the Board of City Commissioners of Las Vegas, Clark County, Nevada; and

(C) WHEREAS, at a regular meeting held on December 19, 1979, the Board of City Commissioners of said City of Las Vegas approved the tentative map of Washington Square Unit #7, subject to certain conditions; and

(D) WHEREAS, at a regular meeting held on November 27, 1979 the City Planning Commission of Las Vegas, Nevada, approved the final map for Washington Square Unit #7, subject to the construction of certain improvements to be made by the "Subdivider" as required by Title XI, Chapter 2 of the Las Vegas Municipal Code.

(E) WHEREAS, at a regular meeting to be held on the 1st day of October, 19 80, the Board of City Commissioners of the said "City" will be asked to approve said final map subject to the recommendations as set forth by the City Planning Commission of Las Vegas, Nevada.

(F) NOW, THEREFORE, THE PARTIES OF THIS AGREEMENT, for and in consideration of the mutual promises herein contained and for other good and valuable considerations, do hereby agree as follows:

The said "Subdivider" has submitted plans for Washington Square Unit #7 and agrees to construct at his cost and expense, all improvements shown on plans submitted, and further agrees to install these improvements in strict accordance with the applicable Uniform Standard Specifications of Public Works Construction, Clark County Area in effect at the date of signing of this Agreement.

(G) The "Subdivider" agrees to notify the City Engineer of the date and the hour when work is expected to begin on any of the following items, notification to be not less than twenty-four (24) hours in advance of the time work is anticipated to start, and if thereafter conditions develop to delay the start of work, the "Subdivider" agrees to notify the City Engineer of the delay not less than two (2) hours before work is scheduled to begin.

Laying of utility lines and storm drains;
Backfilling of utility line trenches & storm drain trenches;
Placing concrete for curb, gutter, sidewalk, valley gutter storm drain structures, manholes and street lighting foundations;
Excavating for roadway;
Placing of Type 1 gravel base course;
Placing of Type II gravel base course;
Priming base course;
Placing asphalt concrete surfacing;
Sealing pavements (fog seal or open grade surfacing);
Installing street lighting

It is understood and agreed, should the "Subdivider" suspend work on any item longer than overnight (except during Saturdays and Sundays) a new notification shall be made to the City Engineer before work may begin anew on any items requiring inspection.

(H) It is further understood and agreed whenever the City Engineer, or his duly authorized representative, inspects portions of work as mentioned hereinbefore, and finds the work performed to be in a satisfactory condition for inclusion in the completed project, the City Engineer, or his duly authorized representative, shall issue a statement of inspection which shall permit the "Subdivider" to perform the next phase of the construction. Ordinarily not less than one continuous block of any one of the items of work mentioned will be approved. It is further agreed that inspection and approval of any item of work shall not forfeit the right of the City to require the correction of faulty workmanship or materials at any time during the course of the work although previously approved and notwithstanding construction has proceeded according to plans approved by the "City". Should subsurface conditions be discovered such as excess water, clay, salts, voids or other defects, which were not originally contemplated, the "City" may require the "Subdivider", at the "Subdivider's" expense, to alter its plans for future construction or to correct, change or reconstruct the area affected by said defects.

The "Subdivider" further agrees nothing herein shall relieve him of the responsibility for proper construction and maintenance of the work, materials and equipment required under the terms of this Agreement until all work has been completed by him and accepted by the City of Las Vegas.

(I) The "Subdivider" further agrees to provide for the adjustment necessary to all existing utilities because of the work required by this Agreement, without cost to the "City".

(J) The "Subdivider" further agrees to furnish to the City Engineer, upon completion of all the improvements within City right of way required hereby, a map which is accurately indicated by lettered dimensions; the location of all manholes, the location, size and depth of all sewer mains, laterals and wyes for the connection of house service lines, and size and depth.

(K) The "Subdivider" further agrees that all improvements shall be made in accordance with the general regulations, specifications, and ordinances of the said City of Las Vegas, and that approval of the final subdivision map shall not be made until all street plans and profiles, typical street sections, sewer plans and profiles, electric light layout and architectural arrangements of housing units, and all other such plans and specifications as may be required have been submitted to and approved by the various City Departments concerned.

(L) It is further agreed that the "City" shall have the right to require the correction by the "Subdivider" at any time before release of the bond required herein, of any item, or items, to be installed under this Agreement which do not conform to City Standards, Specifications or Ordinances, even though the plans for the item in question may have been approved by the City Engineer.

(M) The "Subdivider" further agrees that said improvements shall be started within thirty days from the date of the signing of this Agreement and that said improvements shall be completed within twelve months from the date the project is started.

(N) It is further agreed that in the event the "Subdivider" fails to complete said improvements within said period, the "City" may at its option, proceed to complete said improvements, at the expense of the "Subdivider" or under his bond as hereinafter provided for.

(O) The said "Subdivider" further agrees that he will execute a surety and performance bond for the full cost of said improvements in favo of the "City", conditioned that said "Subdivider" will complete said improvements within said period and further conditioned that said bond shall be used for the payment of the completion of said improvements within the said twelve month period and that the "City" has exercised its option to complete said improvements and further provided that any application for the release of said bond upon the completion of the improvements by the "Subdivider" shall not be granted unless accompanied by a written certificate from the City Engineer, stating that all requirements hereof have been satisfactorily completed in accordance with the terms of this Agreement. Said "Subdivider" further agrees that said bond shall be first submitted to and approved by the City Attorney of the City of Las Vegas.

No certificates of occupancy will be granted to tract houses until such a time that the offsite improvements are completed in accordance with the Uniform Standard Drawings for Public Works Construction Clark County Area and Uniform Standard Specifications for Public Works Construction Clark County Area in effect at the signing of this Agreement, Title XI, Chapter 2 of the Las Vegas Municipal Code, the Subdivisio Agreement, the Bond and to the satisfaction of the City Engineer.

(P) Upon the signing of this Agreement by the parties hereto, upon the execution of the Surety and Performance Bond as called for herein and its acceptance by the "City", and upon performance by the "Subdivider and the City Departments concerned (as provided in Paragraph (H) above), the "City" will, by its proper authorities, accept said final map of the "Subdivider" and do any further or such other acts as may be necessary to approve said final map, as provided by Nevada Revised Statutes, Chapter 278, and Title XI, Chapter 2, of the Las Vegas Municipal Code.

(Q) The "Subdivider" further agrees that in addition to the above conditions, any and/or all stipulations and agreements made by it and the Board of City Commissioners and/or City Planning Commission of Las Vegas will be fully performed.

(R) The "Subdivider" shall protect and take care of all work until its completion and final acceptance by the City. During moving in, con-

struction and moving off, the "Subdivider" shall keep the site free and clean from dangerous ac mulation of rubbish and bris, and shall maintain sufficient and proper barricades, lights, etc., for the protection of the public. Final acceptance of the work will not be made by the "City" until the area falling under the Agreement, known as Washington Square Unit #7 and adjacent property has been cleared of all rubbish, surplus materials, and equipment resulting from the Contractor's operations, to the satisfaction of the City Engineer.

IN WITNESS WHEREOF, the parties hereto have set their hands and official seals on the date first above written.

AG&H ENTERPRISES, INC.

BY Gail [illegible] Pres.

BY Ruth [illegible] Sec.

CITY OF LAS VEGAS, NEVADA,
a Municipal Corporation

BY William H. Briare
WILLIAM H. BRIARE, MAYOR

ATTEST:
CAROL ANN HAWLEY, CITY CLERK

Maureen A. Parco
MAUREEN A. PARCO, DEPUTY CITY CLERK

CORPORATE CERTIFICATE

I, Ruth Sponseller, certify that I am the Secretary of the Corporation named as Subdivider in the Foregoing Agreement; that Gail W. Sponseller who signed said Agreement on behalf of the Subdivider was then President of the said Corporation; that said Agreement was duly signed for and in behalf of said Corporation by authority of its governing body and is within the scope of its corporate powers.

AG&H Enterprises, Inc.

By Ruth Sponseller
Secretary

(CORPORATE SEAL)

STATE OF CALIFORNIA)
)
COUNTY OF RIVERSIDE)

On this 7th day of October, 1980, personally appeared Gail W. Sponseller before me, Pamela J. Keefer, a Notary Public in and for Riverside County, California; Gail W. Sponseller and Ruth Sponseller, known to me to be the President and Secretary of the corporation that executed the foregoing instrument, and upon oath, did depose that he is the officer of said corporation as above designated; that he is acquainted with the seal of said corporation, and that the seal affixed to said instrument is the corporate seal of said corporation; that the signature(s) to said instrument were made by officers of said corporation as indicated after said signature(s) and that the said corporation executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

OFFICIAL SEAL
PAMELA J. KEEFER
NOTARY PUBLIC - CALIFORNIA
RIVERSIDE COUNTY
My comm. expires JUN 4, 1982
NOTARY SEAL

Pamela J. Keefer
Notary Public in and for said County & State
My Commission Expires: June 4, 1982

EXHIBIT "C"

LOAN AGREEMENT

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated October _____, 1980, is made by and between THE LOMAS & NETTLETON COMPANY, a Connecticut corporation ("Lender"), whose address is 2001 Bryan Tower, Suite 3600, Dallas, Texas 75201, and A. G. & H. ENTERPRISES, INC., a California corporation ("Borrower"), whose address is 310 North Cota, Suite "N", Corona, California 91720, in respect of a loan in the principal sum of ONE MILLION SEVEN HUNDRED FIFTY-TWO THOUSAND AND NO/100 DOLLARS ($1,752,000.00).

ARTICLE I

DEFINITIONS

For purposes of this Loan Agreement, the following terms shall have the respective meanings assigned to them.

1.01 Advance. The term "Advance" shall mean a disbursement by Lender of any of the proceeds of the Loan and/or the Borrower's Deposit.

1.02 Affidavit of Borrower. The term "Affidavit of Borrower" shall mean a sworn affidavit of Borrower (and such other parties as Lender may require) to the effect that all statements, invoices, bills and other expenses incident to the acquisition of the Property and the construction of the Improvements incurred to a specified date, whether or not specified in the Approved Budget, have been paid in full, except for (a) amounts retained pursuant to the Construction Contract, and (b) items to be paid from the proceeds of an Advance then being requested or in another manner satisfactory to Lender.

1.03 Application for Advance. The term "Application for Advance" shall mean a written application by Borrower (and such other parties as Lender may require) to Lender, specifying by name, current address and amount all parties to whom Borrower is obligated for labor, materials or services supplied for the construction of the Improvements and all other expenses incident to the Loan, the Property and the construction of the Improvements, whether or not specified in the Approved Budget, requesting an Advance for the payment of such items, containing, if requested by Lender, an Affidavit of Borrower, accompanied by such schedules, affidavits, releases, waivers, statements, invoices, bills and other documents as Lender may reasonably request.

1.04 Approved Budget. The term "Approved Budget" shall mean a budget or cost itemization prepared by Borrower, specifying the cost by item of (a) all labor, materials and services necessary for the construction of the Improvements in accordance with the Plans, the Permanent Loan Commitment and all Governmental Requirements, and (b) all other expenses anticipated by Borrower incident to the Loan, the Property and the construction of the Improvements. The Approved Budget is attached hereto as Exhibit "C" and incorporated herein by reference.

1.05 Borrower. The term "Borrower" shall mean all parties named Borrower in the first paragraph of the Loan Agreement.

1.06 Borrower's Deposit. The term "Borrower's Deposit" shall mean such cash sums as Lender may deem necessary, from time to time, until the Loan is paid in full, in addition to the Loan, for the payment of the costs of labor, materials and services required for the construction of the Improvements, other costs and expenses specified in the Approved Budget and other costs and expenses required to be paid in connection with the construction of the Improvements in accordance with the Plans, any Governmental Requirements and the requirements of any Construction Loan Commitment, if applicable.

1.07 Code. The term "Code" shall mean the Uniform Commercial Code, as in force in the state in which the Property is located and, if different, the state of the Borrower's residence.

1.08 Completion Date. The term "Completion Date" shall mean the date set forth on Exhibit "D" attached hereto.

1.09 Construction Contract. The term "Construction Contract" shall mean all construction contracts executed by Borrower for the construction of the Improvements, including, without limitation, contracts between Borrower and Contractor.

1.10 Construction Lender. The term "Construction Lender" shall mean the Construction Lender named on Exhibit "D" attached hereto or the party issuing a Construction Loan Commitment which may hereafter be issued.

1.11 Construction Loan. The term "Construction Loan" shall mean the Loan contemplated by the Construction Loan Commitment, if any.

1.12 Construction Loan Commitment. The term "Construction Loan Commitment" shall mean the Commitment, if any, issued by the Construction Lender to Borrower to make the Construction Loan for the construction of further improvements on the Property and further identified on Exhibit "D" hereto, or any Commitment hereafter issued for a construction loan for the financing of the construction of further improvements on the Property.

1.13 Contractor. The term "Contractor" shall mean the Contractors, whether one or more, named in Exhibit "D" attached hereto.

1.14 Debtor Relief Laws. The term "Debtor Relief Laws" shall mean any applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, insolvency, reorganization or similar laws affecting the rights or remedies of creditors generally, as in effect from time to time.

1.15 Engineer. The term "Engineer" shall mean the Engineer named on Exhibit "D" attached hereto and incorporated herein by reference.

1.16 Engineering Contract. The term "Engineering Contract" shall mean a written agreement between Borrower and Engineer for engineering services pertaining to construction of the Improvements.

1.17 Event of Default. The term "Event of Default" shall mean:

(a) A failure by Borrower to make any payment of principal or interest on the Note when due;

(b) A failure by Borrower to comply with any of the other terms or conditions specified herein or in any other Security Instrument;

(c) The incorrectness of any material representation or warranty made by Borrower to Lender in any of the Security Instruments;

(d) The cessation of the construction of the Improvements for more than fifteen (15) consecutive days without the written consent of Lender, except for causes beyond the reasonable control of Borrower or Contractor, and then not more than thirty (30) days, in any event, without such consent;

(e) A failure of any of the materials supplied for the construction of the Improvements to comply with the Plans, any Governmental Requirements or the requirements of any Construction Loan Commitment, if applicable;

(f) An inability of Borrower to satisfy any condition specified herein as precedent to the obligation of Lender to make an Advance after an Application for Advance has been submitted by Borrower to Lender;

(g) A reasonable determination by Lender that construction of the Improvements will not be completed on or before the Completion Date;

(h) The appointment of a receiver, trustee, conservator or liquidator of Borrower, Guarantor, any of the Property or any other property of Borrower or Guarantor;

(i) A filing by Borrower or Guarantor of a voluntary petition in bankruptcy, seeking reorganization or rearrangement or taking advantage of any Debtor Relief Laws, or an answer by Borrower or Guarantor admitting the material allegations of a petition filed against Borrower or Guarantor, as the case may be, in any bankruptcy, reorganization, insolvency, conservatorship or similar proceeding, or an admission by Borrower or Guarantor, in writing, of an inability to pay its or their debts as they become due;

(j) The making by Borrower or Guarantor of a general assignment for the benefit of creditors;

(k) The entry of an order, judgment or decree by any court of competent jurisdiction adjudicating Borrower or Guarantor as bankrupt or insolvent, or approving a petition seeking reorganization of Borrower or Guarantor or an arrangement of their debts, or appointing a receiver, trustee, conservator or liquidator of Borrower or Guarantor, any of the Property or any other property of Borrower or Guarantor;

(l) An occurrence of any event or condition which results in, or, with notice or lapse of time, could result in a default in the payment of any indebtedness or performance of any obligation of Borrower or Guarantor to Lender; or

(m) The liquidation, termination, dissolution or death of Borrower or Guarantor.

1.18 Financial Statements. The term "Financial Statements" shall mean such balance sheets, profit and loss statements, reconciliations of capital and surplus, changes in financial condition, schedules of sources and applications of funds, operating statements with respect to the Property and other financial information of Borrower and, if required, of Guarantor, as shall be required by Lender, from time to time, which statements, if required by Lender, shall be certified by an independent certified public accountant.

1.19 Financing Statements. The term "Financing Statements" shall mean the Form UCC-1 Code financing statements securing the Loan, to be filed with the appropriate offices for the perfection of a security interest in any of the Property.

1.20 Governmental Authority. The term "Governmental Authority" shall mean the United States, the state, the county, the city or any other political subdivision in which the Property is located, and any other political subdivision, agency or instrumentality exercising jurisdiction over Borrower, Guarantor or the Property.

1.21 Governmental Requirements. The term "Governmental Requirements" shall mean all laws, ordinances, rules and regulations of any Governmental Authority applicable to Borrower, Guarantor or the Property.

1.22 Guarantor. The term "Guarantor" shall mean the Guarantors (whether one or more) named on Exhibit "D" attached hereto.

1.23 Guaranty. The term "Guaranty" shall mean a continuing guaranty of the Loan executed by Guarantor.

1.24 Improvements. The term "Improvements" shall mean the Improvements identified on Exhibit "D" attached hereto.

1.25 Inspecting Engineers. The term "Inspecting Engineers" shall mean the Inspecting Engineers named on Exhibit "D" attached hereto.

1.26 Insurance Policies. The term "Insurance Policies" shall mean (a) public liability insurance and worker's compensation insurance for owners and contractors, and (b) hazard insurance (builder's risk), with standard mortgage clauses attached, providing all risk coverage on the Improvements, including materials stored on the Property or elsewhere and, if requested by Lender, flood and earthquake, under a nonreporting policy, issued by companies satisfactory to Lender.

1.27 Lender. The term "Lender" shall mean the Lender named in the first paragraph of this Loan Agreement.

1.28 Loan. The term "Loan" shall mean the Loan by Lender to Borrower, in an amount not to exceed the principal sum set forth in the first paragraph of this Loan Agreement, for the payment of the costs of labor, materials and services supplied for the construction of the Improvements, specified in the Approved Budget, and all other expenses incident to the acquisition and the construction of the Property, all as specified in the Approved Budget.

1.29 Loan Finance Charge. The term "Loan Finance Charge" shall mean the sum of money set forth on Exhibit "B" attached hereto, to be paid to Lender on the date hereof.

1.30 Lot. The term "Lot" shall mean each of the single-family residential lots to be constructed by Borrower as a portion of the Improvements.

1.31 Mortgage. The term "Mortgage" shall mean the Mortgage or Deed of Trust securing the payment of the Note and the payment and performance of all obligations specified in the Mortgage and this Loan Agreement, and evidencing a valid and enforceable lien on the Property.

1.32 Note. The term "Note" shall mean the Note from Borrower to Lender, dated of even date herewith, in the amount of and evidencing the Loan.

1.33 Partial Release. The term "Partial Release" shall mean the release from the lien and security interest of the Mortgage and other Security Instruments of one (1) or more fully developed, subdivided Lots.

1.34 Partial Release Price. The term "Partial Release Price" shall mean the cash payment to be paid to Lender for the Partial Release of each Lot in the amount as set forth on Exhibit "D" attached hereto.

1.35 Plans. The term "Plans" shall mean the final working drawings and specifications for the construction of the Improvements.

1.36 Property. The term "Property" shall mean the real property described in Exhibit "A" attached hereto and incorporated herein by reference, together with the Improvements and all other property constituting the "Mortgaged Property", as described in the Mortgage, and the collateral described in the Security Agreement.

1.37 Security Agreement. The term "Security Agreement" shall mean a Security Agreement granting to Lender a security interest in collateral for the Loan, in addition to any collateral which is described in the Mortgage and covered by the security agreement included therein.

1.38 Security Instruments. The term "Security Instruments" shall mean this Loan Agreement, the Construction Loan Commitment, if any, the Mortgage, the Note, the Guaranty, the Financing Statements and such other instruments evidencing, securing or pertaining to the Loan as shall, from time to time, be executed and delivered by Borrower, Guarantor or any other party to Lender, pursuant to this Loan Agreement, including, without limitation, each Affidavit of Borrower, each Application for Advance and the Approved Budget.

1.39 Survey. The term "Survey" shall mean a current certified survey of the Property satisfying certain requirements as set forth on Exhibit "D" attached hereto.

1.40 Title Company. The term "Title Company" shall mean the Title Company named on Exhibit "D" attached hereto.

1.41 Title Insurance. The term "Title Insurance" shall mean a title insurance commitment, binder or policy, as Lender may require, in the amount of the Loan, insuring, or committing to insure, that the Mortgage constitutes a valid lien covering the Property having the priority required by Lender and, subject only to those exceptions and encumbrances which Lender may approve, issued by the Title Company.

ARTICLE II

AGREEMENTS OF LENDER

2.01 Commitment of Lender. Subject to the conditions hereof and provided that an Event of Default has not occurred, Lender will make Advances to Borrower in accordance with this Loan Agreement.

2.02 Interest on the Loan. Interest on the Loan, at the rate specified in the Note, shall be computed on the unpaid principal balance which exists from time to time and shall be computed with respect to each Advance only from the date of such Advance.

2.03 Advances. Advances for the payment of costs of labor, materials and services supplied for the construction of the Improvements shall be made by Lender, not more frequently than specified on Exhibit "D" attached hereto, upon compliance by Borrower with this Loan Agreement after actual commencement of construction of the Improvements for work actually done during the preceding period. From time to time, Borrower shall submit an Application for Advance to Lender requesting an Advance for the payment of costs of labor, materials and services supplied for the construction of the Improvements or for the payment of other costs and expenses incident to the Loan, the acquisition of the Property or the construction of the Improvements, and specified in the Approved Budget. Lender may require an inspection of and favorable report on the Improvements by the Inspecting Engineers prior to making any Advance. Advances for payment of costs of construction of the Improvements shall not exceed the aggregate of (a) the costs of labor, materials and services incorporated into the Improvements, in a manner acceptable to Lender, plus (b) if approved by Lender, the purchase price of all uninstalled materials to be utilized in the construction of the Improvements stored on the Property, or elsewhere, with the written consent of and in a manner acceptable to Lender, less (c) retainage, if any, as set forth on Exhibit "D" attached hereto, and less (d) all prior Advances for payment of costs of labor, materials and services for the construction of the Improvements. Each Application for Advance shall be submitted by Borrower to Lender a reasonable time [but not less than five (5) days] prior to the date on which an Advance is desired by Borrower. The final Advance, including all retainage, will not be made until the Lender has received the following: (1) a completion certificate from the Inspecting Engineers, if any; (2) evidence that all Governmental Requirements have been satisfied and that all utility services are available to the Property; (3) evidence that no mechanic's or materialmen's liens or other encumbrances have been filed and remain in effect against the Property; and (4) final lien releases or waivers by Engineer, Contractor and all subcontractors, materialmen and other parties who have supplied labor, materials or services for the construction of the Improvements, or who otherwise might be entitled to claim a contractual, statutory or constitutional lien against the Property.

2.04 Conditions to the First Advance. As a condition precedent to the First Advance hereunder, Borrower must satisfy the conditions required hereby and execute and deliver to, procure for and deposit with and pay to Lender and, if appropriate, record in the proper records, with all filing and recording fees paid, the documents, certificates and other items described in Exhibit "B" attached hereto and incorporated herein by reference, together with such other documents, instruments and certificates as Lender may reasonably require from time to time.

2.05 Conditions to Subsequent Advances. As a condition precedent to each Advance, in addition to all other requirements herein, Borrower must satisfy the following requirements and, if required by Lender, deliver to Lender evidence of such satisfaction:

(a) All conditions precedent to the first Advance shall have been satisfied;

(b) There shall then exist no Event of Default;

(c) The representations and warranties made in this Loan Agreement shall be true and correct on and as of the date of each Advance, with the same effect as if made on that date; and

(d) Borrower will procure and deliver to Lender, if required by Lender, releases or waivers of mechanic's liens and receipted bills showing payment to all parties who have furnished materials or services or performed labor of any kind in connection with the construction of any of the Improvements.

(e) The Title Insurance shall be endorsed and extended, if available under local rules, to cover each Advance with no additional title exceptions objectionable to Lender.

2.06 Reallocation of Approved Budget. Lender reserves the right to make Advances which are allocated to any of the designated items in the Approved Budget for such other purposes or in such different proportions as Lender may, in its sole discretion, deem necessary or advisable. Borrower may not reallocate items of cost or change the Approved Budget without the prior written consent of Lender.

2.07 No Waiver. No Advance shall constitute a waiver of any condition precedent to the obligation of Lender to make any further Advance or preclude Lender from thereafter declaring the failure of Borrower to satisfy such condition precedent to be an Event of Default.

2.08 Conditions Precedent for the Benefit of Lender. All conditions precedent to the obligation of Lender to make any Advance are imposed hereby solely for the benefit of Lender, and no other party may require satisfaction of any such condition precedent or be entitled to assume that Lender will refuse to make any Advance in the absence of strict compliance with such conditions precedent. All requirements of this Loan Agreement may be waived by Lender, in whole or in part, at any time.

2.09 Subordination. Lender shall not be obligated to make, nor shall Borrower be entitled to, any Advance until such time as Lender shall have received, to the extent requested by Lender, subordination agreements from Engineer, Contractor and all other persons furnishing labor, materials or services for the design or construction of the Improvements, subordinating to the lien of the Mortgage any lien, claim or charge they may have against Borrower or the Property.

2.10 Special Conditions to Advances. As a special condition to each Advance hereunder, Borrower shall have complied with the special conditions set forth on Exhibit "E" attached hereto and incorporated herein by reference.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF BORROWER

Borrower hereby represents and warrants as follows:

3.01 The Financial Statements. The Financial Statements are true, correct and complete as of the dates specified therein and fully and accurately present the financial condition of Borrower and, if required, of Guarantor, as of the dates specified. No material adverse change has occurred in the financial condition of Borrower or Guarantor since the dates of the Financial Statements.

3.02 Suits, Actions, Etc. There are no material actions, suits or proceedings pending or threatened in any court or before or by any Governmental Authority against or affecting Borrower, Guarantor or the Property, or involving the validity, enforceability or priority of any of the Security Instruments, at law or in equity. The consummation of the transactions contemplated hereby and the performance of any of the terms and conditions hereof and of the other Security Instruments will not result in a breach of, or constitute a default in, any mortgage, deed of trust, lease, promissory note, loan agreement, credit agreement, partnership agreement or other agreement to which Borrower or Guarantor is a party or by which Borrower or Guarantor may be bound or affected.

3.03 Valid and Binding Obligation. All of the Security Instruments and all other documents referred to herein to which Borrower or Guarantor is a party, upon execution and delivery, will constitute valid and binding obligations of Borrower and Guarantor, enforceable in accordance with their terms, except as limited by Debtor Relief Laws.

3.04 Title to the Property. Borrower holds full legal and equitable title to the Property, subject only to title exceptions set forth in a mortgagee's title policy, binder or commitment accepted by Lender.

3.05 Commencement of Construction. Prior to the recordation of the Mortgage, no work of any kind (including the destruction or removal of any existing improvements, site work, clearing, grubbing, draining or fencing the Property) shall have commenced or shall have been performed on the Property, no equipment or material shall have been delivered to or upon the Property for any purpose whatsoever, and no contract (or memorandum or affidavit thereof) for the supplying of labor, materials or services for the construction of the Improvements shall have been recorded in the mechanic's lien or other appropriate records in the county where the Property is located.

ARTICLE IV

COVENANTS AND AGREEMENTS OF BORROWER

Borrower hereby covenants and agrees as follows:

4.01 Compliance with Governmental Requirements. Borrower shall timely comply with all Governmental Requirements and deliver to Lender evidence thereof. Borrower assumes full responsibility for the compliance of the Plans and the Property with all Governmental Requirements and with sound building and engineering practices and, notwithstanding any approvals by Lender, Lender shall have no obligation or responsibility whatsoever for the Plans or any other matter incident to the Property or the construction of the Improvements.

4.02 The Construction Contract. Borrower shall become party to no contract, including the Construction Contract, for the performance of any work on the Property or for the supplying of any labor, materials or services for the construction of the Improvements except upon such terms and with such parties as shall be approved, in writing, by Lender. The Construction Contract shall provide that all liens of the Contractor are subordinate to the Mortgage and shall require all subcontracts to contain a provision subordinating the subcontractors' liens to the Mortgage. The Construction Contract shall also provide that no change orders shall be effective without the prior written approval of Lender, except for nonstructural changes which do not change the cost of construction by more than 0.2 percent (0.2%) as to any one (1) change or 0.5 percent (0.5%), in the aggregate; provided, however, that no such change shall be made which will reduce the number of Lots on the Property. No approval by Lender of any Construction Contract or change order shall make Lender responsible for the adequacy, form or content of such Construction Contracts or change orders.

4.03 Construction of the Improvements. The construction of the Improvements shall be prosecuted with diligence and continuity, in a good and workmanlike manner, and in accordance with sound building and engineering practices, all applicable Governmental Requirements, the Plans and the requirements of the Construction Loan Commitment, if applicable. Borrower shall complete construction of the Improvements on or before the Completion Date, free and clear of all liens, and shall not permit cessation of work for a period in excess of fifteen (15) consecutive days without the prior written consent of Lender, except for causes beyond the reasonable control of Borrower or Contractor, and then not more than thirty (30) days, in any event, without such consent.

4.04 Correction of Defects. Borrower shall correct, or cause to be corrected, (a) any material defect in the Improvements, (b) any material departure in the construction of the Improvements from the Plans, Governmental Requirements or the requirements of the Construction Loan Commitment, if applicable, or (c) any encroachment by any part of the Improvements or any other structure located on the Property on any building line, easement, property line or restricted area.

4.05 Storage of Materials. Borrower shall cause all materials supplied for, or intended to be utilized in, the construction of the Improvements, but not affixed to or incorporated into the Improvements or the Property, to be stored on the Property or at such other location as may be approved by Lender, in writing, with adequate safeguards, as required by Lender, to prevent loss, theft, damage or commingling with other materials or projects.

4.06 Inspection of the Property. Borrower shall permit Lender, Construction Lender, if any, any Governmental Authority and their agents and representatives to enter upon the Property and any location where materials intended to be utilized in the construction of the Improvements are stored for the purpose of inspection of the Property and such materials, at all reasonable times.

4.07 Notices by Governmental Authority, Fire and Casualty Losses, Etc. Borrower shall timely comply with and promptly furnish to Lender true and complete copies of any official notice or claim by any Governmental Authority pertaining to the Property. Borrower shall promptly notify Lender of any fire or other casualty or any notice of taking or eminent domain action or proceeding affecting the Property.

4.08 Special Account. Borrower shall maintain a special account at a bank selected by Borrower, reasonably satisfactory to Lender, into which all Advances, excluding direct disbursements made by Lender pursuant to Section 4.11 hereof, shall be deposited by Borrower and against which checks shall be drawn only for the payment of (a) costs of labor, materials and services supplied for the construction of the Improvements specified in the Approved Budget, and (b) other costs and expenses incident to the Loan, the Property and the construction of the Improvements specified in the Approved Budget.

4.09 Application of Advances. Borrower shall disburse all Advances for payment of costs and expenses specified in the Approved Budget, and for no other purpose.

4.10 The Borrower's Deposit. If Lender reasonably determines at any time that the unadvanced portion of the Loan will be insufficient for payment in full of (a) costs of labor, materials and services required for the construction of the Improvements, (b) other costs and expenses specified in the Approved Budget, and (c) other costs and expenses required to be paid in connection with the construction of the Improvements in accordance with the Plans, any Governmental Requirements or the requirements of the Construction Loan Commitment, if applicable, then Borrower shall, on request of Lender, make the Borrower's Deposit with Lender. Lender shall not be required to pay interest on such Borrower's Deposit. Lender may advance all or a portion of the Borrower's Deposit prior to any portion of the Loan proceeds. Borrower shall promptly notify Lender, in writing, if and when the cost of the construction of the Improvements exceeds, or appears likely to exceed, the amount of the unadvanced portion of the Loan and the unadvanced portion of the Borrower's Deposit.

4.11 Direct Disbursement and Application by Lender. Lender shall have the right, but not the obligation, to disburse and directly apply the proceeds of any Advance to the satisfaction of any of Borrower's obligations hereunder. Any Advance by Lender for such purpose, except Borrower's Deposit, shall be part of the Loan and shall be secured by the Security Instruments. Borrower hereby authorizes Lender to hold, use, disburse and apply the Loan and the Borrower's Deposit for payment of costs of construction of the Improvements, expenses incident to the Loan and the Property and the payment or performance of any obligation of Borrower hereunder. Borrower hereby assigns and pledges the proceeds of the Loan and the Borrower's Deposit to Lender for such purposes. Lender may advance and incur such expenses as Lender deems necessary for the completion of construction of the Improvements and to preserve the Property, the Construction Loan Commitment, if applicable, and any other security for the Loan; and such expenses, even though in excess of the amount of the Loan, shall be secured by the Security Instruments, and payable to Lender upon demand. Lender may disburse any portion of any Advance at any time and from time to time to persons other than Borrower for the purposes specified in this Section 4.11, irrespective of the provisions of Section 2.03 hereof, and the amount of Advances to which Borrower shall thereafter be entitled shall be correspondingly reduced.

4.12 Costs and Expenses. Borrower shall pay, when due, all costs and expenses required by this Loan Agreement, including, without limitation, (a) all taxes and assessments applicable to the Property, (b) all fees for filing or recording the Security Instruments, (c) all fees and commissions lawfully due to brokers, salesmen and agents in connection with the Loan, the Construction Loan, if applicable, or the Property, (d) all reasonable fees and expenses of counsel to Lender, (e) all title insurance and title examination charges, including the cost of the Survey, (f) all survey costs and expenses, including the cost of the Survey, (g) all premiums for the Insurance Policies, and (h) all other reasonable costs and expenses payable to third parties incurred by Lender in connection with the consummation of the transactions contemplated by this Loan Agreement.

4.13 Additional Documents. Borrower shall execute and deliver to Lender, from time to time as requested by Lender, such other documents as shall reasonably be necessary to provide the rights and remedies to Lender granted or provided for by the Security Instruments.

4.14 Inspection of Books and Records. Borrower shall permit Lender and Permanent Lender, at all reasonable times, to examine and copy the books and records of Borrower pertaining to the Loan and the Property, and all contracts, statements, invoices, bills and claims for labor, materials and services supplied for the construction of the Improvements.

4.15 No Liability of Lender. Lender shall have no liability, obligation or responsibility whatsoever with respect to the construction of the Improvements except to advance the Loan and the Borrower's Deposit pursuant to this Loan Agreement. Lender shall not be obligated to inspect the Property or the construction of the Improvements, nor be liable for the performance or default of Borrower, Engineer, the Inspecting Engineer, Contractor or any other party, or for any failure to construct, complete, protect or insure the Improvements, or for the payment of costs of labor, materials or services supplied for the construction of the Improvements, or for the performance of any obligation of Borrower whatsoever. Nothing, including, without limitation, any Advance or acceptance of any document or instrument, shall be construed as a representation or warranty, express or implied, to any party by Lender.

4.16 No Conditional Sale Contracts, Etc. No materials, equipment or fixtures shall be supplied, purchased or installed for the construction or operation of the Improvements pursuant to security agreements, conditional sale contracts, lease agreements or other arrangements or understandings whereby a security interest or title is retained by any party, or the right is reserved or accrues to any party, to remove or repossess any materials, equipment or fixtures intended to be utilized in the construction or operation of the Improvements.

4.17 Defense of Actions. Lender may (but shall not be obligated to) commence, appear in or defend any action or proceeding purporting to affect the Loan, the Property or the respective rights and obligations of Lender and Borrower pursuant to this Loan Agreement. Lender may (but shall not be obligated to) pay all necessary expenses, including reasonable attorneys' fees and expenses incurred in connection with such proceedings or actions, which Borrower agrees to repay to Lender upon demand.

4.18 Assignment of Construction Loan Commitment. As additional security for payment of the Loan, Borrower hereby transfers and assigns to Lender, to the extent assignable, the full interest of Borrower in the Construction Loan Commitment, if any, including all refundable deposits made thereunder. Borrower agrees to take and close the Construction Loan, if any, in accordance with the terms of the Construction Loan Commitment, if applicable, and prior to the expiration thereof. The Construction Loan Commitment, if any, shall not be modified without the prior written consent of Lender.

4.19 Assignment of Construction Contract. As additional security for the payment of the Loan, Borrower hereby transfers and assigns to Lender all of Borrower's rights and interests, but not its obligations, in, under and to the Construction Contract upon the following terms and conditions:

(a) Borrower represents and warrants that the copy of any Construction Contract it has furnished to Lender is a true and complete copy thereof and that Borrower's interest therein is not subject to any claim, setoff or encumbrance.

(b) Neither this assignment nor any action by Lender shall constitute an assumption by Lender of any obligations under the Construction Contract, and Borrower shall continue to be liable for all obligations of Borrower thereunder; Borrower hereby agreeing to perform all of its obligations under the Construction Contract. Borrower agrees to indemnify and hold Lender harmless against and from any loss, cost, liability or expense (including, but not limited to, reasonable attorneys' fees) resulting from any failure of Borrower to so perform.

(c) Lender shall have the right at any time (but shall have no obligation) to take, in its name or in the name of Borrower, such action as Lender may at any time determine to be necessary or advisable to cure any default under the Construction Contract or to protect the rights of Borrower or Lender thereunder. Lender shall incur no liability if any action so taken by it or in its behalf shall prove to be inadequate or invalid, and Borrower agrees to hold Lender free and harmless against and from any loss, cost, liability or expense (including, but not limited to, attorneys' fees) incurred in connection with any such action.

(d) Borrower hereby irrevocably constitutes and appoints Lender as Borrower's attorney-in-fact, in Borrower's name or in Lender's name, to enforce all rights of Borrower under the Construction Contract.

(e) Prior to an Event of Default, Borrower shall have the right to exercise its rights as Owner under the Construction Contract; provided that Borrower shall not cancel or amend the Construction Contract or do, or suffer to be done, any act which would impair the security constituted by this assignment without the prior written consent of Lender.

(f) This assignment shall inure to the benefit of Lender, its successors and assigns, including any purchaser upon foreclosure of the Mortgage, any receiver in possession of the Property and any corporation formed by or on behalf of Lender which assumes Lender's rights and obligations under this Loan Agreement.

4.20 Assignment of Plans. As additional security for the payment of the Loan, Borrower hereby transfers and assigns to Lender all of Borrower's right, title and interest in and to the Engineering Contract and Plans, and hereby represents and warrants to and agrees with Lender as follows:

(a) The schedule of the Plans delivered to Lender is a complete and accurate description of the Plans.

(b) The Plans are complete and adequate for the construction of the Improvements, and there have been no modifications thereof except as described in such schedule. The Plans shall not be modified without the prior written consent of Lender, except for nonstructural changes which do not change the cost of construction by more than 0.2 percent (0.2%) in any one (1) change or 0.5 percent (0.5%), in the aggregate.

(c) Lender may use the Plans for any purpose relating to the Improvements, including, but not limited to, inspection of construction and the completion of the Improvements.

(d) Lender's acceptance of this assignment shall not constitute approval of the Plans by Lender. Lender has no liability or obligation whatsoever in connection with the Plans and no responsibility for the adequacy thereof or for the construction of the Improvements contemplated by the Plans. Lender has no duty to inspect the Improvements, and if Lender should inspect the Improvements, Lender shall have no liability or obligation to Borrower arising out of such inspection. No such inspection, nor any failure by Lender to make objections after any such inspection, shall constitute a representation by Lender that the Improvements are in accordance with the Plans or constitute a waiver of Lender's right thereafter to insist that the Improvements be constructed in accordance with the Plans.

(e) This assignment shall inure to the benefit of Lender, its successors and assigns, including any purchaser upon foreclosure of the Mortgage, any receiver in possession of the Property and any corporation formed by or on behalf of Lender which assumes Lender's rights and obligations under this Loan Agreement.

4.21 Prohibition on Assignment. Borrower shall not assign or encumber any interest of Borrower hereunder without the prior written consent of Lender.

4.22 Payment of Claims. Borrower shall promptly pay, or cause to be paid when due, all costs and expenses incurred in connection with the Property and the construction of the Improvements, and Borrower shall keep the Property free and clear of any liens, charges or claims other than the lien of the Mortgage and other liens approved, in writing, by Lender. Notwithstanding anything to the contrary contained in this Loan Agreement, Borrower (a) may contest the validity or amount of any claim of any contractor, consultant, engineer or other person providing labor, materials or services with respect to the Property, (b) may contest any tax or special assessments levied by any Governmental Authority, and (c) may contest the enforcement of or compliance with any Governmental Requirements, and such contest on the part of Borrower shall not be a default hereunder and shall not release Lender from its obligations to make Advances hereunder; provided, however, that during the pendency of any such contest, Borrower shall furnish to Lender and Title Company an indemnity bond, with corporate surety satisfactory to Lender and Title Company, or other security acceptable to them, in an amount equal to the amount being contested, plus a reasonable additional sum to cover possible costs, interest and penalties; and provided further, that Borrower shall pay any amount adjudged by a court of competent jurisdiction to be due, with all costs, interest and penalties thereon, before such judgment becomes a lien on the Property.

4.23 Restrictions and Annexation. Borrower shall not impose any restrictive covenants or encumbrances upon the Property, execute or file any subdivision plat affecting the Property or consent to the annexation of the Property to any city without the prior written consent of Lender.

4.24 Advertising by Lender. Borrower agrees that during the term of the Loan, Lender may erect and maintain on the Property one (1) or more advertising signs indicating that the development financing for the Property has been provided by Lender.

4.25 Current Financial Statements. Borrower shall deliver to Lender current Financial Statements within sixty (60) days after the end of each fiscal year of Borrower, and if Borrower routinely prepares more frequent Financial Statements for interim periods, shall furnish Lender copies of such interim statements when they are prepared.

4.26 Inspection Fees. Borrower shall pay to Lender the amount set forth on Exhibit "B" hereto, if any, as inspection fees to defray a portion of the cost incurred by Lender in having its employees inspect the construction of the Improvements. Such fees shall continue to be payable until the Improvements are finally completed and shall be paid by direct advance by Lender to itself. Such fees shall be in addition to the interest on the Loan, but shall be limited so that such fees and all charges constituting interest shall not, in the aggregate, exceed the maximum amount of interest permitted by applicable law.

4.27 Tax Receipts. Borrower shall furnish Lender with receipts or tax statements marked "Paid" to evidence the payment of all taxes levied on the Property on or before thirty (30) days prior to the date such taxes become delinquent.

ARTICLE V

RIGHTS AND REMEDIES OF LENDER

5.01 Rights of Lender. Upon the occurrence of an Event of Default, Lender shall have the right, in addition to any other right or remedy of Lender, but not the obligation, in its own name or in the name of Borrower, to enter into possession of the Property; to perform all work necessary to complete the construction of the Improvements, substantially in accordance with the Plans, Governmental Requirements and the requirements of the Construction Loan Commitment, if applicable; and to employ watchmen and other safeguards to protect the Property. Borrower hereby appoints Lender as the attorney-in-fact of Borrower, with full power of substitution, and in the name of Borrower, if Lender elects to do so, upon the occurrence of an Event of Default, to (a) use such sums as are necessary, including any proceeds of the Loan and the Borrower's Deposit, make such changes or corrections in the Plans and employ such architects, engineers and contractors as may be required for the purpose of completing the construction of the Improvements, substantially in accordance with the Plans, Governmental Requirements and the requirements of the Construction Loan Commitment, if applicable, (b) execute all applications and certificates in the name of Borrower which may be required for completion of construction of the Improvements, (c) endorse the name of Borrower on any checks or drafts representing proceeds of the Insurance Policies, or other checks or instruments payable to Borrower with respect to the Property, (d) do every act with respect to the construction of the Improvements which Borrower may do, and (e) prosecute or defend any action or proceeding incident to the Property. The power-of-attorney granted hereby is a power, coupled with an interest, and irrevocable. Lender shall have no obligation to undertake any of the foregoing actions, and if Lender should do so, it shall have no liability to Borrower for the sufficiency or adequacy of any such actions taken by Lender.

5.02 Acceleration. Upon the occurrence of an Event of Default, Lender may, at its option, declare the Loan immediately due and payable, without notice of any kind.

5.03 Cessation of Advances. Upon the occurrence of an Event of Default, the obligation of Lender to disburse the Loan and the Borrower's Deposit and all other obligations of Lender hereunder shall, at Lender's option, immediately terminate.

5.04 Funds of Lender. Any funds of Lender used for any purpose referred to in this Article V shall constitute Advances secured by the Security Instruments and shall bear interest at the rate specified in the Note, to be applicable after default thereunder.

5.05 No Waiver or Exhaustion. No waiver by Lender of any of its rights or remedies hereunder, in the other Security Instruments or otherwise shall be considered a waiver of any other or subsequent right or remedy of Lender; no delay or omission in the exercise or enforcement by Lender of any rights or remedies shall ever be construed as a waiver of any right or remedy of Lender; and, no exercise or enforcement of any such rights or remedies shall ever be held to exhaust any right or remedy of Lender.

ARTICLE VI

PARTIAL RELEASE

6.01 Right to Partial Release. Subject to the provisions of Section 6.02 hereof and so long as Borrower is not in default hereunder or under any of the other Security Instruments, Lender agrees, from time to time, to make Partial Releases of one (1) or more of the Lots, the location and configuration of which shall be reasonably satisfactory to Lender, upon request by Borrower and payment, in cash, by Borrower to Lender with respect to each Lot to be released the Partial Release Price, to be applied against, first, all indebtedness relating to the Loan or secured by the Security Instruments other than principal or interest on the Note; second, accrued but unpaid interest on the Note; and, finally, the unpaid principal on the Note, until the Note and Loan have been paid in full.

6.02 Partial Release Procedures and Requirements. Any and all Partial Releases shall be in accordance with the following procedures and requirements:

(a) Borrower's request for a Partial Release shall be given to Lender and accompanied by (i) the legal description of the Lot or Lots to be released, and (ii) information necessary to process the request for Partial Release, including the name and address of the Title Company, if any, to whose attention the Partial Release should be directed, numbers that should be referenced (order number, loan number, etc.) and the date when such Partial Release is to be made. Borrower shall also specify the name and address of the prospective purchaser and the intended use of the Lot to be released and shall supply such other documents and information concerning such Partial Release as Lender may reasonably request.

(b) After receipt of such request, and in accordance with and pursuant to the terms and conditions of this Article VI, Lender shall execute and deliver a Partial Release of Lien to the Title Company so specified; provided that all costs and expenses of Lender associated with such Partial Release (including but not limited to, reasonable legal fees) shall be paid by Borrower. Borrower shall also obtain all Title Insurance endorsements reasonably required by Lender in connection with such Partial Release.

(c) Any and all such Partial Releases shall not otherwise affect Borrower's obligations hereunder or under any other Security Instrument. Regardless of the time such Partial Release of Lien is executed, delivered and recorded, the payment of the Partial Release Price shall be credited against the Note or other indebtedness relating to the Loan or secured by the Security Instruments only upon receipt by Lender of the Partial Release Price, and the receipt by Lender or Lender's agent of the Partial Release Price may be required as a condition to the delivery and recordation of the Partial Release of Lien evidencing such Partial Release.

(d) No Partial Release, or any combination of Partial Releases, shall be required to be made by Lender if, in Lender's judgment, such Partial Release or Partial Releases will or may materially decrease the value of any unreleased Lot or Lots or of the unreleased portion of the Property, or if such Partial Release or Partial Releases will result in any unreleased Lot being without access to a public street.

ARTICLE VII

GENERAL TERMS AND CONDITIONS

7.01 Notices. All notices, demands, requests and other communications required or permitted hereunder shall be in writing and shall be deemed to have been given when presented personally or deposited in a regularly maintained receptacle for the United States Postal Service, postage prepaid, registered or certified, return receipt requested, addressed to Borrower or Lender, as the case may be, at the respective addresses set forth on the first page of this Loan Agreement, or such other address as Borrower or Lender may from time to time designate by written notice to the other as herein required.

7.02 Modifications. No provision of this Loan Agreement or the other Security Instruments may be modified, waived or terminated except by instrument, in writing, executed by the party against whom a modification, waiver or termination is sought to be enforced.

7.03 Severability. In case any of the provisions of this Loan Agreement shall, for any reason, be held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Loan Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

7.04 Election of Remedies. Lender shall have all of the rights and remedies granted in the Security Instruments and available at law or in equity, and these same rights and remedies shall be cumulative and may be pursued separately, successively or concurrently against Borrower, Guarantor or any property covered under the Security Instruments, at the sole discretion of Lender. The exercise or failure to exercise any of the same shall not constitute a waiver or release thereof or of any other right or remedy, and the same shall be non-exclusive.

7.05 Form and Substance. All documents, certificates, insurance policies and other items required under this Loan Agreement to be executed and/or delivered to Lender shall be in form and substance satisfactory to Lender.

7.06 Controlling Agreement. All agreements between Borrower and Lender, whether now existing or hereafter arising, and whether written or oral, are hereby limited so that in no event shall the interest paid, or agreed to be paid, to Lender for the use, forbearance or detention of the money to be loaned pursuant to this Loan Agreement or for the performance or payment of any covenant or obligation contained herein exceed the maximum amount permissible under applicable law. If from any circumstances whatsoever fulfillment of any provision hereof or of any other document evidencing, securing or pertaining to the Loan, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then *ipso facto*, the obligation to be fulfilled shall be reduced to the limit of such validity; and if from any such circumstances Lender shall ever receive anything of value deemed interest under applicable law which would exceed interest at the highest lawful rate, the excessive interest shall be applied to the reduction of the principal amount owing under the Note and not to the payment of interest; or if the excessive interest exceeds the unpaid balance of principal of the Note, such excess shall be refunded to Borrower. All sums paid or agreed to be paid to Lender for the use, forbearance or detention of the indebtedness evidenced hereby shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the rate of interest on account of such indebtedness is uniform throughout the term thereof. This section shall control all agreements between Borrower and Lender.

7.07 No Third Party Beneficiary. This Loan Agreement is for the sole benefit of Lender and Borrower, and is not for the benefit of any third party.

7.08 Number and Gender. Whenever used herein, the singular number shall include the plural and the singular, and the use of any gender shall be applicable to all genders. The duties, covenants, obligations and warranties of Borrower in this Loan Agreement shall be joint and several obligations of Borrower, and of each Borrower, if more than one.

7.09 Captions. The captions, headings and arrangements used in this Loan Agreement are for convenience only and do not in any way affect, limit, amplify or modify the terms and provisions hereof.

7.10 Applicable Law. This Loan Agreement and the Security Instruments shall be governed by and construed in accordance with the laws of the State of Nevada and the laws of the United States applicable to transactions within such State.

EXECUTED AND DELIVERED on the date first recited.

LENDER:

THE LOMAS & NETTLETON COMPANY
A Connecticut Corporation

Address:

2001 Bryan Tower
Suite 3600
Dallas, Texas 75201

By: ______________________
Thomas Cone, Assistant Vice President

BORROWER:

A. G. & H. ENTERPRISES, INC.
A California Corporation

Address:

310 North Cota
Suite "N"
Corona, California 91720

By: ______________________
President

EXHIBIT "B"

DOCUMENTS, CERTIFICATES AND OTHER ITEMS REQUIRED

ATTACHED TO AND INCORPORATED BY REFERENCE
IN THAT CERTAIN LOAN AGREEMENT
DATED OCTOBER _____, 1980

1. The Loan Finance Charge in the amount of $-0-, in cash;
2. The Note;
3. The Mortgage;
4. The Guaranty;
5. Subordination of all leases or liens affecting the Property;
6. The Title Insurance;
7. The Construction Contract;
8. The Consent of Contractor to the Assignment of the Construction Contract;
9. The Engineering Contract, if in writing;
10. The Plans;
11. Consent of Engineer to the Assignment of the Plans;
12. The Survey;
13. Financing Statements (Form UCC-1) with respect to the security interest granted in the Security Instruments, together with evidence of the priority of the respective security interests perfected thereby;
14. Financial Statements;
15. Inspection fee in the amount of $900.00, to be prepaid at closing;
16. Evidence of approval of the Plans by Construction Lender, if applicable, and any necessary Governmental Authority;
17. Building permit and all other permits required by the Governmental Requirements with respect to the construction and development of the Property;
18. Evidence of Borrower's compliance with or satisfaction of all conditions applicable to any leases affecting the Property;
19. Evidence that all applicable zoning ordinances or restrictive covenants affecting the Property permit the use for which the Property is intended and have been or will be complied with;
20. Evidence of the Property's compliance with the requirements of all applicable "environmental protection" laws, rules and regulations, whether federal, state or municipal;

21. Evidence that all of the streets providing access to the Property either have been dedicated to public use or established by private easement, duly recorded in the records of the County in which the Property is located, and have been fully installed and accepted by Governmental Authority, that all costs and expenses of the installation and acceptance thereof have been paid in full and that there are no restrictions on the use and enjoyment of such streets that adversely affect, limit or impair Borrower's ability to develop and construct the Property or operate the Property for the purposes and in the manner represented to Lender;

22. Evidence of the availability of all utilities to the Property, including specifically, but without limitation, gas, electricity, storm and sanitary sewer, water and telephone services;

23. Evidence of Borrower's compliance with or exemption from the requirements of the Interstate Land Sales Full Disclosure Act (the "Act"), 15 U.S.C., Section 1701, et. seq. Lender may refuse to grant a Partial Release with respect to any portion of the Property until Borrower presents evidence satisfactory to Lender that such portion will not be sold or leased by Borrower in violation of the Act;

24. Evidence that all necessary action on the part of Borrower has been taken with respect to the execution and delivery of this Loan Agreement, and the consummation of the transactions contemplated hereby, so that this Loan Agreement and all Security Instruments to be executed and delivered by or on behalf of Borrower will be valid and binding upon Borrower or the person or entity executing and delivering such document. Such evidence shall include, at the option of Lender, a legal opinion of Borrower's and Guarantor's respective legal counsel confirming such authority, validity and binding effect, confirming that neither the Loan nor any of the financing arrangements contemplated by this Loan Agreement violate the usury laws of the State of Nevada, or any other applicable jurisdiction, and covering such other matters as Lender may require;

25. A flood insurance policy, or binder therefor, if reasonably required by Lender, in an amount equal to the outstanding principal amount of the Loan, or the maximum amount available under the Flood Disaster Protection Act of 1973 and regulations issued pursuant thereto (the "Act"), whichever is less, in form complying with the "insurance purchase requirement" of the Act;

26. The Insurance Policies or Certificates of such Insurance Policies;

27. Breakdown of all costs and expenses required to complete development and construction of the Property, in detail and in amount acceptable to Lender;

28. Application for Advance;

29. Certified Articles of Incorporation, By-Laws and, if applicable, Authority to Transact Business in Nevada of Borrower;

30. Certificates of existence of and payment of franchise taxes by the Borrower from the appropriate officer of the state of incorporation;

31. Certified resolutions of the Board of Directors of Borrower, authorizing such corporation to execute the Security Instruments and perform its obligations thereunder;

32. Assumed Name Certificate for Borrower;

33. The Construction Loan Commitment;

34. Evidence of Borrower's compliance with, or satisfaction of, all conditions applicable to the Construction Loan Commitment, if applicable, capable of compliance or satisfaction on the date hereof;

35. Form ASP-9 from the Department of Housing and Urban Development.

EXHIBIT "C"

APPROVED BUDGET

ATTACHED TO AND INCORPORATED BY REFERENCE
IN THAT CERTAIN LOAN AGREEMENT
DATED OCTOBER _____, 1980

Allocations		Amounts
Land Allocation		$ 398,920.00
Interest Allocation		200,000.00
Development Allocation:	Amounts	
Engineering	$ 102,930.00	
Electrical Underground Utilities	80,300.00	
Water	183,230.00	
Sanitary and Storm Sewer	139,575.00	
Clearing and Grading	173,740.00	
Street Lights	81,760.00	
Paving, Curbing and Walks	224,256.00	
Walls	45,260.00	
Barricades	1,898.00	
City Fees	11,680.00	
Soil Tests	18,250.00	
SUBTOTAL:	$ 1,070,080.00	1,070,080.00
Closing Costs, Legal Fee and Tax Allocation		10,000.00
General and Administrative Allocation		73,000.00
Contingency Allocation		7,300.00
TOTAL LOAN:		$ 1,752,000.00

The entire proceeds of the Land Allocation shall be fully disbursed to or at the direction of the Borrower at the Closing to pay a portion of the purchase price to be paid by Borrower to acquire the real property upon which the Project will be constructed.

The proceeds of the Interest Allocation shall be disbursed to pay accrued but unpaid interest on account of the Loan. At Lender's option, without notice to or demand on Borrower, on the first day of each month an amount equal to the then accrued interest may be charged by journal entry against the Interest Allocation. When the Interest Allocation has been thus fully disbursed, all interest on account of the Loan shall thereafter be paid when due by the Borrower, in cash.

The proceeds of the Development Allocation shall be disbursed by Lender to Borrower after commencement of work hereunder, for development and construction work done during the preceding period or part thereof in the amount of the total of the purchase price of uninstalled materials stored on the Property in a manner acceptable to Lender, plus the cost of the portions of the development and construction work acceptably completed, as approved by Lender, less an amount equal to any retainage or "holdbacks" with respect to each advance not to be paid to the Contractor or any appropriate subcontractors, as certified by Borrower to Lender, less prior advances, and less costs, if any, that the Borrower is obligated to pay hereunder.

The proceeds of the Closing Costs, Legal Fee and Tax Allocation shall be disbursed by Lender to pay the fees and disbursements of Lender's legal counsel and the other costs and expenses of closing the Loan, including specifically, but without limitation, the Title Policy premiums, escrow and recording fees and the fees and disbursements of Borrower's legal counsel, and to pay current taxes on the Property as such taxes become due and payable; provided, however, that Lender may, at its option, disburse portions of the Tax Allocation prior to the time any taxes become due and payable for the purpose of enabling Borrower to obtain any discounts or other benefits of prepayment of taxes allowed by any applicable taxing authority.

The proceeds of the General and Administrative Allocation shall be disbursed in monthly increments of FOUR THOUSAND FIVE HUNDRED SIXTY-THREE AND NO/100 DOLLARS ($4,563.00) each, on the first day of each month, commencing on the first day of the month next following the month in which Lender determines that the work of development and construction of the Project has actually commenced on-site, and continuing until and including April 1, 1982. In no event shall the aggregate of disbursements under the General and Administrative Allocation exceed the sum of SEVENTY-THREE THOUSAND AND NO/100 DOLLARS ($73,000.00).

The proceeds of the Contingency Allocation shall be disbursed by Lender from time to time, as Lender may determine, for any purpose or use approved by Lender in connection with the development and construction of the Project.

To the extent that Loan proceeds disbursed by Lender pursuant to the Allocations set forth herein are insufficient to pay all costs required for completion of the Project, Borrower shall pay such excess costs with funds derived from sources other than the Loan. Lender reserves the right, at its option, to disburse Loan proceeds allocated to any of the above-designated Allocations for such other purposes or in such different proportions as Lender may, in its sole discretion, deem necessary or advisable.

In the event the cost to complete any portion of the Project for which Loan proceeds are allocated are less than the amount of such Allocations, Borrower may request a redistribution of such excess to pay other costs, and Lender may, at its sole election, so redistribute such excess Loan proceeds.

EXHIBIT "D"

ATTACHED TO AND INCORPORATED BY REFERENCE
IN THAT CERTAIN LOAN AGREEMENT
DATED OCTOBER ______, 1980

1. The Engineer: ____.

2. The Completion Date: March 1, 1982.

3. The Contractor(s): Borrower shall act as its own contractor.

4. The Guarantor(s): GAIL W. SPONSELLER and RUTH SPONSELLER, both California residents.

5. The Improvements: A one hundred forty-six (146) lot single-family residential subdivision development, with related facilities and amenities, and being FHA/VA approved.

6. The Inspecting Engineers: ____.

7. The Construction Lender: THE LOMAS & NETTLETON COMPANY, 2001 Bryan Tower, Suite 3600, Dallas, Texas 75201.

8. Construction Loan Commitment: That certain agreement between Borrower and the Construction Lender for the financing of the construction of single-family residential dwellings on the Property.

9. The Title Company: ____.

10. Partial Release Price: FOURTEEN THOUSAND FOUR HUNDRED AND NO/100 DOLLARS ($14,400.00).

11. Retainage to be deducted from Advance: Ten percent (10%).

12. Frequency of Advances: Monthly.

13. The Survey Requirements:

    (a) Field Note Description. The Survey should contain a certified metes and bounds description and should comply with the following requirements:

      (i) The beginning point should be established by a monument located at the beginning point or by reference to a nearby monument;

      (ii) The sides of the Property should be described by giving the distances and bearings of each;

      (iii) The distances, bearings and angles should be taken from a recent instrument survey, or recently recertified instrument survey, by a licensed Professional Engineer or Registered Surveyor;

      (iv) Curved sides should be described by data including: length of arc, central angle, radius of circle for the arc and chord distance and bearing;

(v) The legal description should be a single perimeter description of the entire property;

(vi) The description should include a reference to all streets, alleys and other rights-of-way that abut the Property surveyed, and the width of all rights-of-way mentioned should be given the first time these rights-of-way are referred to; and

(vii) If the Property surveyed has been recorded on a map or plat as part of an abstract or subdivision, reference to such recording data should be made.

(b) Lot and Block Description. If the Property is included within a properly established recorded subdivision or addition, then a lot and block description will be an acceptable substitute for a metes and bounds description, provided that the lot and block description must completely and properly identify the name or designation of the recorded subdivision or addition and give the recording information therefor.

(c) Map or Plat. The Survey should also contain a certified map or plat showing the following:

(i) The plot to be covered by the Mortgage.

(ii) The relation of the point of beginning of said plot to the monument from which it is fixed.

(iii) All easements showing recording information therefor by volume and page.

(iv) The established building line, if any.

(v) All easements appurtenant to said plot.

(vi) The boundary line of the street or streets abutting the plot and the width of said streets.

(vii) Encroachments and the extent thereof in terms of distance upon said plot or any easement appurtenant thereto.

The Survey should also contain all structures and improvements on said plot with horizontal lengths of all sides and the relation thereof by distances to (a) all boundary lines of the plot, (b) easements, (c) established building lines, and (d) street lines.

(d) Certification. The certification for the Property description and the map or plat should be addressed to Lender (and to the interested title company, if required by the title company), signed by the surveyor, bearing current date, registration number and seal, and should be in the following form or its substantial equivalent:

> The undersigned hereby certifies to Lender that this survey (i) was made on the ground as per the field notes shown hereon and correctly shows the boundary lines and dimensions and area of the land indicated hereon and each individual parcel thereof indicated hereon, (ii) correctly shows the location of all buildings, structures and other improvements, and visible items on the subject property,

and (iii) correctly shows the location and dimensions of all alleys, streets, roads, rights-of-way, easements and other matters of record of which the undersigned has been advised affecting the subject property according to the legal description in such easements and other matters (with instrument, book and page number indicated); and, except as shown, there are no visible easements, rights-of-way, party walls or conflicts, and there are no visible encroachments on adjoining premises, streets or alleys by any of said buildings, structures or other improvements, and there are no visible encroachments on the subject Property by buildings, structures or other improvements situated on adjoining premises; and the distance from the nearest intersecting street and road is as shown hereon.

EXHIBIT "E"

SPECIAL CONDITIONS TO ADVANCES

ATTACHED TO AND INCORPORATED BY REFERENCE
IN THAT CERTAIN LOAN AGREEMENT
DATED OCTOBER ______, 1980

1. Borrower shall have presented to Lender a certified copy of the duly recorded plat of subdivision accepted and approved by every Governmental Authority having jurisdiction over the Property and all utility companies whose service is required for the Property's proposed use.

2. Borrower shall have presented to Lender copies of all contracts for development work on the Property.

3. Borrower shall not be entitled to receive, and Lender shall not be obligated to disburse, any portion of the Loan, except for the Land Allocation, until Borrower shall have fully complied with the provisions of Paragraphs 1 and 2 above.

EXHIBIT "D"

SUBDIVISION COST SHEET

BOND & FEES FORM

SUBDIVISION WASHINGTON SQUARE #7 ACRES: 33.65

No. of Lots 146 Calculated by: JWH (DELTA) Ck. by Kent Nash
(In Subdivision) 9-12-80

ITEM	DESCRIPTION	QUANTITY	UNIT PRICE	COST
1	2" A.C. Paving & 4" Type II Gravel Base	25,480 S.Y.	3.20 S.Y.	81,536.0
2	3½" A.C. Paving & 4" Type II Gravel Base	3,250 S.Y.	4.05 S.Y.	13,162.5
3	Type I Gravel Base	5,420 C.Y.	3.45 C.Y.	18,699.0
4	Excavation	25,000 C.Y.	1.75 C.Y.	43,750.0
5	Embankment	— C.Y.	1.75 C.Y.	
6	Curb & Gutter	11,840 L.F.	2.35 L.F.	—
7	9 Concrete Valley Gutters	5,210 S.F.	2.35 S.F.	33,744.0
8	4" Concrete Sidewalk	50,740 S.F.	1.75 S.F.	12,243.5
9	Light Standard	48 Ea.	1,260.00 Ea.	88,795.0
10	Street Signs	15 Ea.	80.00 Ea.	60,480.0
11	Stop Signs	3 Ea.	80.00 Ea.	1,200.00
12	Sewer, 4" V.C.P.	4,575 L.F.	5.15 L.F.	240.00
13	Sewer, 8" V.C.P.	3,650 L.F.	9.75 L.F.	23,561.2
14	Sewer, 10" V.C.P.	— L.F.	12.00 L.F.	35,587.5
15	Sewer	— L.F.	L.F.	—
16	Manholes	14 Ea.	685.00 Ea.	—
17	Water Main, 6" A.C.P.	2,375 L.F.	7.45 L.F.	9,590.00
18	Water Main, 8" A.C.P.	3,220 L.F.	9.75 L.F.	17,693.75
19	Water Main, 10" A.C.P.	860 L.F.	12.00 L.F.	31,395.0
20	Water Main, 12" A.C.P.	— L.F.	14.50 L.F.	10,320.0
21	Water Main, 16" A.C.P.	— L.F.	19.00 L.F.	—
22	Water Main	— L.F.	L.F.	—
23	Fire Hydrants	12 Ea.	1,030.00 Ea.	—
24	Water Services (3/4")	146 Ea.	150.00 Ea.	12,360.00
25	Power to Lots	146 Ea.	115.00 Ea.	21,900.00
26	Survey Monuments	LUMP SUM	Lump Sum	16,790.00
27	Misc. Trenching	40 L.F.	5.00 L.F.	4,500.00
28	Driveways	18,192 S.F.	3.00 S.F.	200.00
29				54,576.00
30				
31				
32				

* INSPECTION FEES		
		$5 Min. or
First $25,000	500.00	2.0%
Next $75,000	1125.00	1.5%
Over $100,000	6154.04	1.25%
Plan Check ($25. Min)	2,961.62	0.5%
Subdiv. Final Map Plan Check	176.00	$30.+$1. Ea. lot
TOTAL FEES	$ 10,916.66	

ESTIMATED CONSTRUCTION COSTS	592,323.5
Contingencies (+10%)	59,232.5
TOTAL AMOUNT OF BOND	$ 651,556.0

* Fees are based on the estimated construction cost and are payable to the City of Las Vegas.

NOTE: This is a preliminary cost estimate, based on tentative designs, specific field conditions have not been considered, and this cost estimate should not be used as a basis for contracts or bids. These estimated costs may be revised as needed by the Department of Public Services staff when field conditions or size of project warrants same.

Submitted by: EDMUND J. WOCJIK Date 7-21-80

Revised 12/12/79

EXHIBIT "E"

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CONSOLIDATED INCOME
LOMAS & NETTLETON FINANCIAL CORPORATION AND SUBSIDIARIES

	Year Ended June 30	
	1980	1979
REVENUES		
Mortgage servicing fees and related income	$ 76,298,599	$ 51,030,225
Interest and financing charges	17,654,778	10,653,103
Management fees	3,270,878	2,594,537
Industrial radiography	11,385,449	10,477,532
Sale of investments, dividends and other	10,784,098	7,412,287
	119,393,802	82,167,684
EXPENSES		
Mortgage servicing	54,571,588	36,591,771
Related to management fees	2,496,395	2,259,550
Industrial radiography	10,432,166	9,845,652
Other operating expenses	2,932,362	827,613
Interest on long-term debt	8,836,423	4,326,206
Other interest	13,937,344	7,888,380
General and administrative	3,709,008	2,749,810
State income and franchise taxes	704,486	677,914
Provision for possible losses	1,500,000	1,600,000
Amortization of debt expense	246,521	419,809
	99,366,293	67,186,705
Income Before Federal Income Taxes	20,027,509	14,980,979
Federal income taxes:		
Current	6,910,297	5,255,880
Deferred (credit)	(110,297)	199,120
	6,800,000	5,455,000
Net Income	$ 13,227,509	$ 9,525,979
Net income per common and common equivalent share	$ 2.54	$ 1.71
Net income per share assuming full dilution	$ 2.00	$ 1.41
Average number of common and common equivalent shares	5,208,416	5,576,269
Average number of common shares assuming full dilution	7,200,693	7,698,787
Cash dividends paid per share	$ 1.00	$ .74½

See notes to consolidated financial statements..

CONSOLIDATED BALANCE SHEET
LOMAS & NETTLETON FINANCIAL CORPORATION AND SUBSIDIARIES

	June 30	
	1980	1979
ASSETS		
Cash	$ 14,346,599	$ 9,075,743
First mortgage loans held for sale	205,028,920	177,930,989
Notes and accounts receivable	206,976,728	115,841,168
Investments	130,006,491	108,964,826
Foreclosed real estate and investment in related entity holding foreclosed properties	13,533,939	11,589,955
	350,517,158	236,395,949
Less allowance for possible losses	(7,146,301)	(2,788,623)
	343,370,857	233,607,326
Fixed assets — at cost — less accumulated depreciation and amortization of $5,654,421 in 1980 and $6,707,796 in 1979	6,102,730	5,417,112
Prepaid expenses and other assets	6,554,254	6,853,777
Cost of purchased future servicing income	46,652,286	16,427,418
Mortgage servicing contracts and goodwill	11,224,812	11,431,328
Unamortized debt expense	1,093,272	1,339,792
	$634,373,730	$462,083,485
Escrow, agency and fiduciary funds (segregated in separate bank accounts and excluded from corporate assets and liabilities) — see contra	$216,008,899	$148,313,524

	June 30 1980	June 30 1979
LIABILITIES AND STOCKHOLDERS' EQUITY		
Notes payable	$441,747,339	$318,415,752
Accounts payable and accrued expenses	14,523,835	11,560,804
Federal income taxes payable	2,516,500	—
Deferred federal income taxes	3,870,294	3,190,153
Term Notes — due in 1986	42,003,000	—
9½% Subordinated Note — due in 1988	22,500,000	29,323,420
5½% Convertible Subordinated Debentures — due in 1991	38,424,000	38,860,000
Stockholders' Equity:		
Preferred Stock, par value $10 Authorized 1,000,000 shares — Issued and outstanding — none		
Common Stock, par value $2 Authorized 15,000,000 shares Issued — 6,880,369 in 1980 and 6,773,746 in 1979 Oustanding (net of treasury stock) — 5,192,769 in 1980 and 5,086,146 in 1979	13,760,738	13,547,492
Other paid-in capital	38,058,153	36,929,418
Retained earnings	47,558,928	39,480,503
Unrealized loss on marketable equity securities (deduction)	(1,365,000)	—
Treasury stock, 1,687,600 shares, at cost (deduction)	(29,224,057)	(29,224,057)
	68,788,762	60,733,356
	$634,373,730	$462,083,485
Liability for escrow, agency and fiduciary funds — see contra	$216,008,899	$148,313,524

See notes to consolidated financial statements.